

Securities Code 3487

CRE Logistics REIT

Financial Results Briefing for the 12th Fiscal Period

Ended June 2022 (January 1, 2022 to June 30, 2022)



Logisquare Sayama Hidaka

The property is located approximately 0.7 km from the Sayama Hidaka Interchange on the Ken-O Expressway, and access to National Route 407 is also easy. Surrounded by numerous warehouses, factories and other facilities, the property can be operated 24 hours a day.

August 15, 2022
CRE REIT Advisers, Inc.

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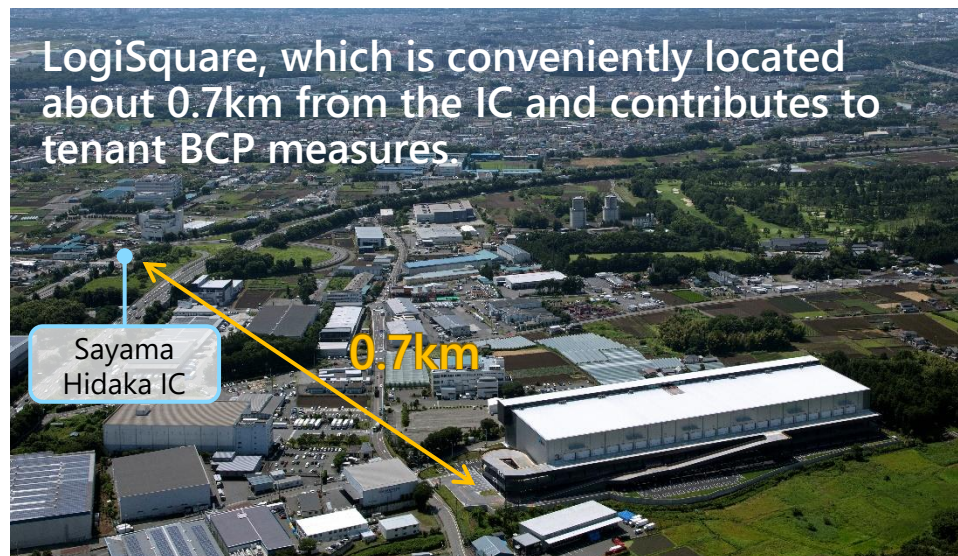
Glossary

Term	Definition
Appraisal value	The appraisal value or an investigated value as of the end of the period is stated based on the Certificate of Incorporation of CRE REIT and the Regulation on Accountings of Investment Corporations (Cabinet Office Order No.47 of 2006 including subsequent revisions)
Unrealized gains	(Appraisal value) - (Book value) as of the end of the period (Acquisition price in the case of newly acquired assets)
LTV	(Outstanding balance of interest-bearing debt) / (Total Assets)
LTV based on appraisal value	(Outstanding balance of interest-bearing debt) / (Total assets + Unrealized gains)
NAV	Net assets + Unrealized gains - Total amount of distributions
NAV per unit	(Net assets + Unrealized gains - Total amount of distributions) / Total number of investment units outstanding
Acquisition price	The purchase agreement price for each of the trust beneficiary rights stated in the sales agreement and does not include national and local consumption taxes or sales commission and other expenses that are incurred in the acquisition
NOI yield	Ratio of actual NOI of the portfolio assets to their acquisition price
Appraisal NOI yield	Ratio of the appraisal NOI of each asset (based on the relevant real estate appraisal report with valuation dated as of the end of the period) to the acquisition price of each asset
Occupancy ratio	The ratio of the leased area to the leasable area
CRE	CRE, INC.
CRE Group	CRE, INC. and its subsidiaries and affiliates

- This material is not a disclosure material under the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations or the Securities Listing Regulations of the Tokyo Stock Exchange.
- As of the date of this material, the auditing procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.
- The purpose of this material is to provide information and not to offer, solicit the purchase of or sell certain products. When you make an investment, please do so at your own discretion and risk.
- The market price of investment securities of CRE REIT will be affected by the demand and supply of investors at an exchange and will fluctuate under the influence of the interest rate environment, economic conditions, the real estate market conditions and other factors surrounding the market. Accordingly, the investment securities may possibly not be sold at a higher price than the acquisition price, and investors could suffer a loss as a result.
- The investment securities of CRE REIT need to be purchased and sold through a securities company with which you undertake business. At that time, please read the contents of the document provided before concluding the contract (or a prospectus) carefully.
- While this material contains forward-looking statements and results forecasts, these statements do not guarantee the future results and financial conditions of CRE REIT.
- Unless otherwise noted, in this material, monetary amounts and energy amounts are rounded down to the nearest indicated unit, and areas, numbers of years and ratios are rounded off to the nearest indicated unit. Any average or ratio pertaining to assets is the weighted average based on the acquisition price, unless otherwise noted.

1. Acquisition and Sale

Additional Acquisition of LogiSquare Sayama Hidaka (20%)



Ramp way
Type
Multi

Tokyo
Metropolitan
Area

Ken-O Expressway
Route 407

Self-
consumption
of solar power

CASBEE
Real Estate
Rank S

BELS
★★★★

Property Features

- The property is located approximately 0.7 km from the Sayama Hidaka Interchange on the Ken-O Expressway, and access to National Route 407 is also easy. Surrounded by numerous warehouses, factories and other facilities, the property can be operated 24 hours a day.
- The property has warehouse space on floors 1-4 and offices, a cafeteria and so forth on the fifth floor. Each floor has an area of approximately 18,000 m² and there is a rampway enabling heavy trucks to go directly to the second and third floors, giving the property a total of 120 truck berths across the first, second and third floors. The facility has a slope exclusively for outgoing vehicles on the second and third floors, contribute to the prevention of congestion and accidents and making maximum use of the site.
- The uppermost fifth floor of the facility features a cafeteria which can seat around 150 people and a retail space, a rooftop terrace with views of Mount Fuji and other shared amenities and there is also free Wi-Fi and BGM broadcasting equipment to help improve the working environment of workers.

Location	12-1 Aza Kubo, Oaza Ashikariba, Hanno-shi, Saitama
Access	Approximately 0.7 km from Sayama Hidaka IC (Ken-o Expressway)
Structure	RC/S, 5F, alloy plated steel sheet roof
Total floor area	73,728.44 m ²
Total leasable area	71,211.10 m ²
Acquisition price	3,612 million yen
Appraisal value	3,900 million yen
Appraisal NOI yield	4.3 %
Appraisal NOI yield after depreciation	3.3 %
Completion date	May 2020
Occupancy rate ⁽¹⁾	91.0 %

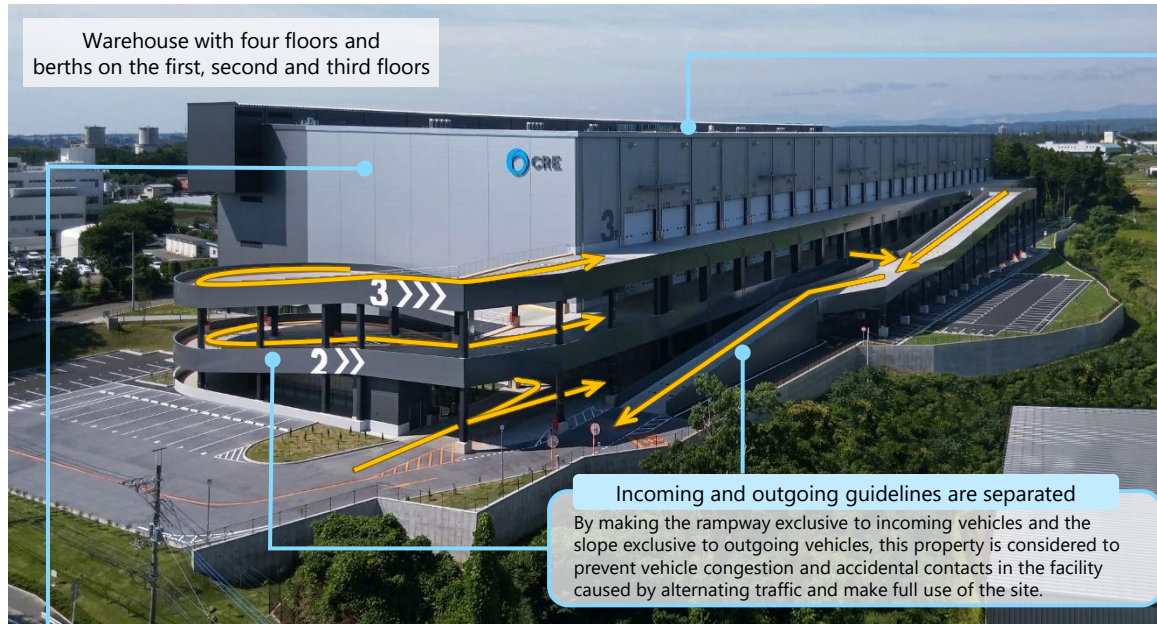


Offices, cafeteria and rental meeting rooms established on the fifth floor



1: The master lease agreement between CRE REIT and CRE, which was a fixed rent type master lease agreement, was changed to a partly fixed and partly pass-through type master lease agreement, and the occupancy rate of end tenants is noted.

Additional Acquisition of LogiSquare Sayama Hidaka (20%)



Sandwich panels

Sandwich panels are used on exterior walls to reduce heating and cooling loads and to give the exterior an attractive appearance.

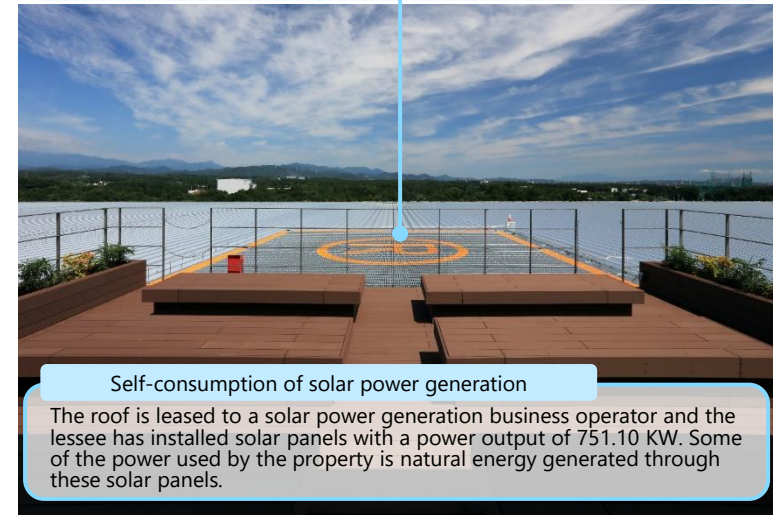
Disaster prevention support system

The facility is also equipped with the TASKis system developed by NOHMI BOSAI LTD., a leading manufacturer of disaster prevention equipment, so that, in the event of a fire, information such as the location of a fire within the facility can be instantly sent to the smartphones of employees, the facility manager and other concerned parties, enabling the facility as a whole to efficiently support the in-house fire brigade in evacuating the facility and putting out the fire.



Helipad

There is a helipad on the roof for firefighters to use in the event of disaster.



Powder corner



Small article container



AED



Human detecting sensor and water-saving sanitary equipment

LED lighting in the whole building

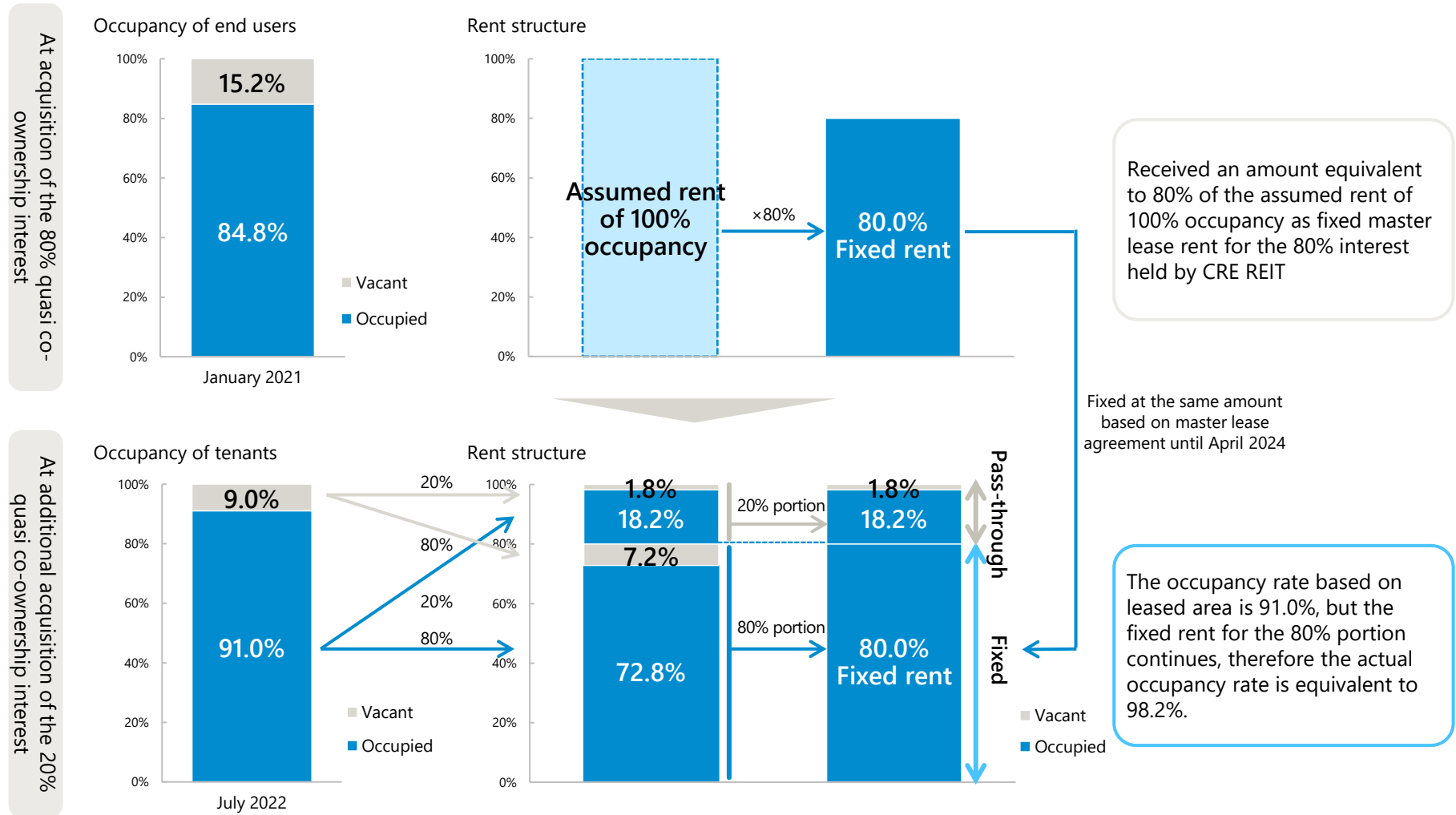


Emergency generators



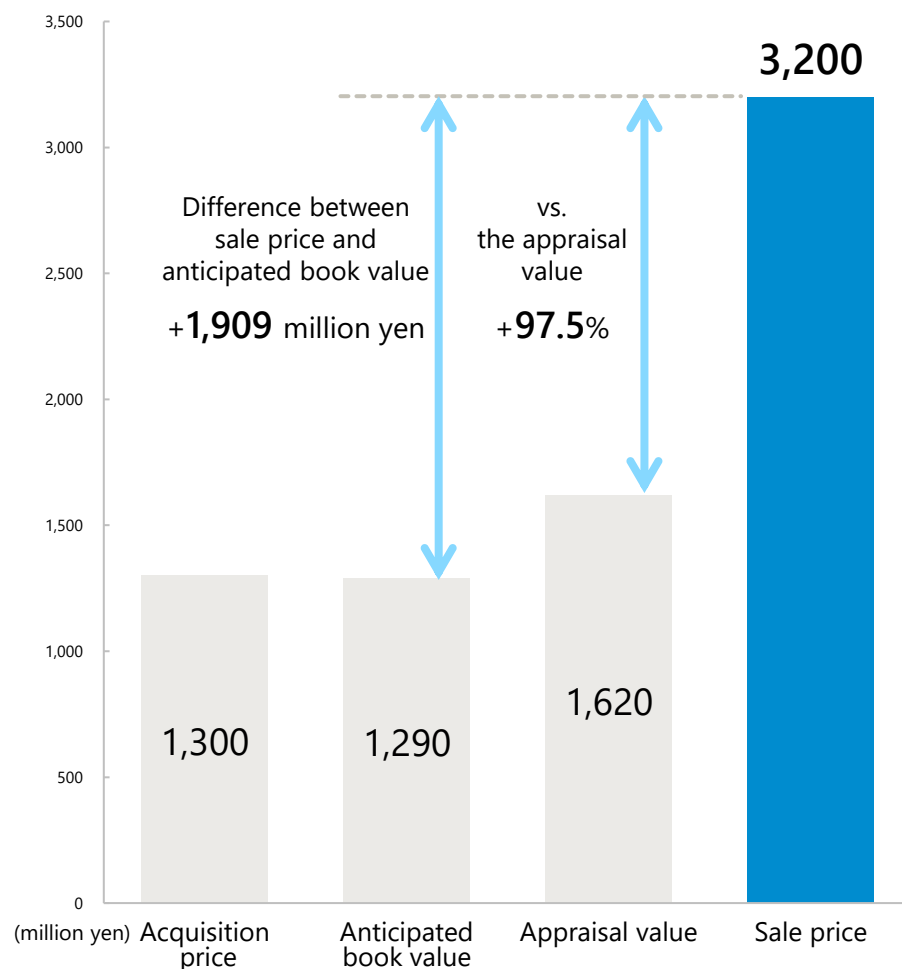
Maintain a Fixed Rent Type Master Lease for 80% Portion until April 2024

Changed from a fixed rent type master lease agreement with CRE to a partly fixed and partly pass-through type master lease agreement in conjunction with 100% ownership, and continues fixed rent for the 80% portion until April 2024



Sale of LogiSquare Chitose

Realized the sale at a price significantly higher than the appraisal value



Location	1007-281 Izumisawa Chitose-shi, Hokkaido
Access	Approximately 2.4 km from the New Chitose Airport IC (Do-O Expressway)
Structure	Steel construction, alloy coated steel sheet roof, single floor
Total floor area	19,760.00 m ²
Acquisition price	1,300 million yen
Anticipated book value	1,290 million yen
Appraisal value	1,620 million yen
Sale price	3,200 million yen
Appraisal NOI yield	6.6 %
Appraisal NOI yield after depreciation	5.2 %
Completion date	November 2017
Acquisition date	July 2020
Occupancy rate ⁽¹⁾	100.0 %

1: While a fixed rent type master lease agreement had been concluded between CRE REIT and CRE, the agreement was canceled on August 3, 2022, the date of sale.

Sale of LogiSquare Chitose

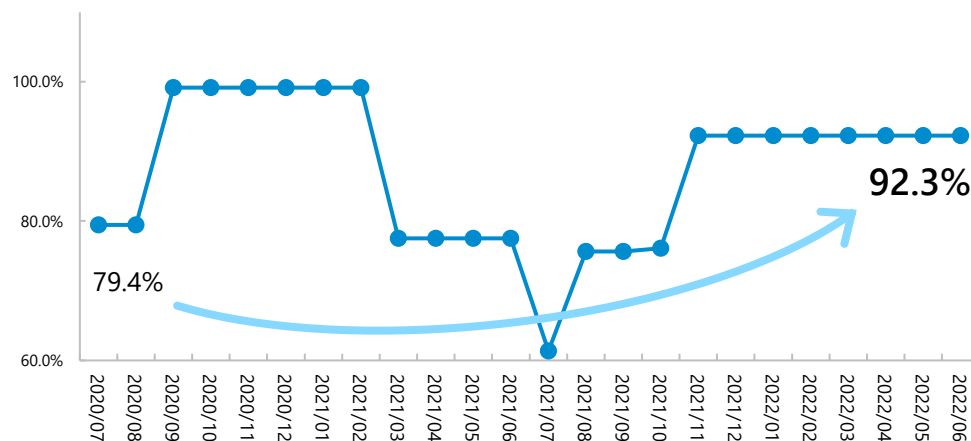
Key points of Sale

In July 2020, CRE REIT acquired under a fixed rent type master lease agreement concluded with CRE

- Occupancy rate of end users increased through the appropriate leasing strategies after acquisition by CRE REIT
- Realized the sale at a price significantly higher than the appraisal value, because CRE REIT canceled a fixed rent type master lease agreement and buyer was able to evaluate lease conditions of end users
- The Asset for Sale was located in a remote area and the operating costs were large compared to other areas, and was being sold to eliminate future uncertainties

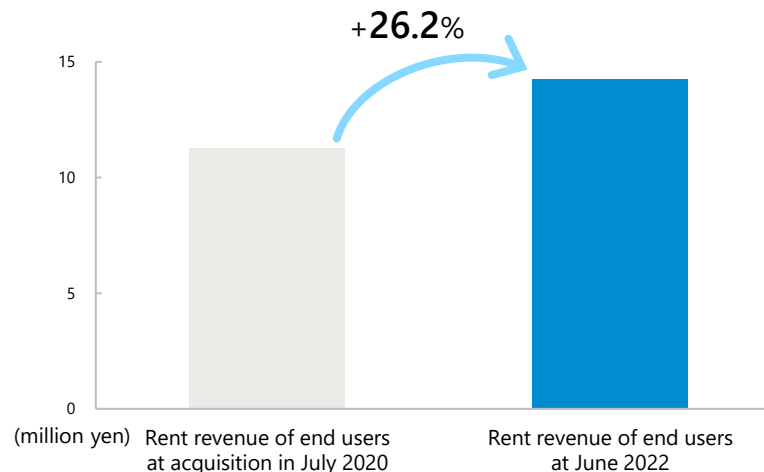
Occupancy rate of end users increased after acquisition in July 2020

Trend in occupancy rate



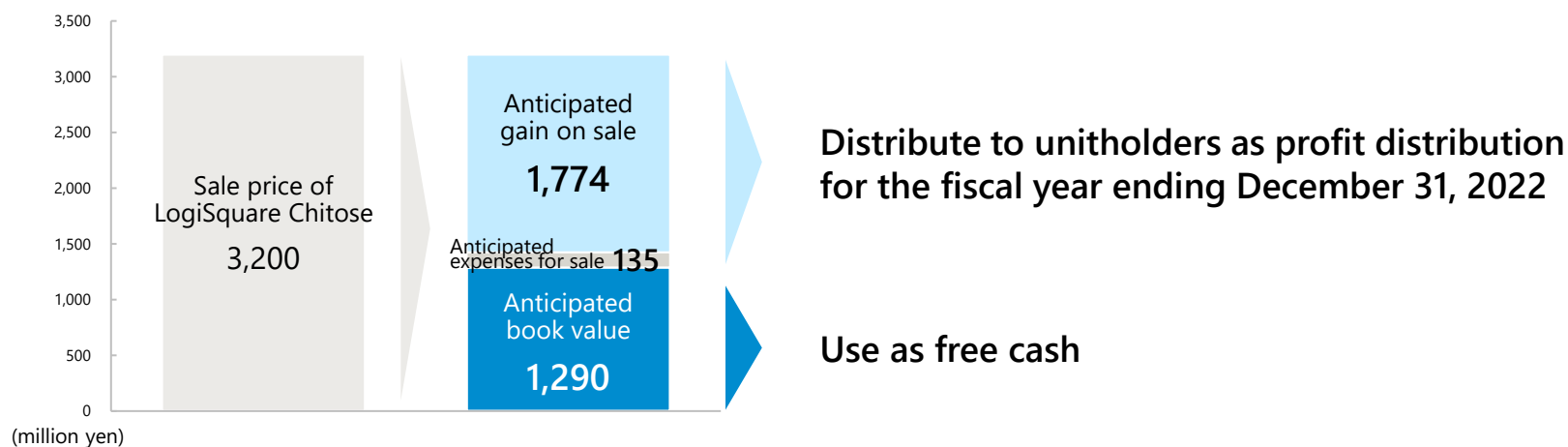
Significantly increase in rent revenue of end users

Monthly rent revenue (including common service fee)



Efficient Use of Free Cash

How to use the proceeds from the sale of LogiSquare Chitose



Efficient use as per “the approach to the use of free cash”

	(million yen)	Approach to the use of free cash
Free cash as of June 30, 2022	3,877	<ol style="list-style-type: none"> 1. Appropriation of some funds to acquisition properties at the time of capital increase 2. Acquisition of properties (quasi co-ownership interests, etc.) with free cash as source 3. Repayment of borrowings
Proceeds from the sale of LogiSquare Chitose (anticipated book value)	1,290	
Acquisition of LogiSquare Sayama Hidaka (20%)	3,612	
Repayment of borrowings	1,200	Temporary repayment to reduce interest expense Reduce LTV and secure future borrowing capacity

Portfolio Comparison Before and After Acquisition and Sale

	the 12th Fiscal Period (2022/6)		New asset		Asset for Sale		After acquisition and sale
Number of properties	20 properties		- property (quasi-co-ownership interest ratio: 20%)		1 property		19 properties
Acquisition price	134,686 million yen		3,612 million yen		1,300 million yen		136,998 million yen
Property age	4.7 years		2.1 years		4.6 years		4.6 years
Occupancy rate	100.0 %	+	91.0 %	-	100.0 %	=	98.8 %
Lease term	7.7 years		5.1 years		21.0 years		7.7 years
Remaining lease term	4.8 years		3.3 years		19.0 years		4.8 years
Number of tenants	28		2 ⁽¹⁾		1		29
Ratio of properties developed by CRE	100.0 %		100.0 %		100.0 %		100.0 %
Ratio in Tokyo Metropolitan and Kansai area	96.9 %		100.0 %		0.0 %		97.9 %

1. In the case of properties with pass-through type master leases or partly fixed and partly pass-through type master lease, the total number of end tenants is noted. The master lease agreement is changed to a partly fixed and partly pass-through type master lease agreement from a fixed rent type master lease agreement, and the net increase in the number of tenants is noted.

2. Financial Results and Forecasts



Summary

External Growth

- Due to the full-period contribution from the property acquired in the 5th PO in September 2021, the distribution per unit for the fiscal period ended June 2022 resulted at **3,577 yen, the highest ever for CRE REIT.**
- Acquired an additional 20% quasi co-ownership interest in LogiSquare Sayama Hidaka using free cash. Raised **the stabilized DPU to 3,637 yen.**

Internal Growth

- All tenants whose contracts expire by December 2023 have been renewed.

Financial Management

- Continuing to reduce through each public offering, LTV has reached to **43.9%**, the lowest ever for CRE REIT. For the time being, CRE REIT will operate at around 44.0%.
- R&I and JCR both improved the credit ratings. Received **A (stable)** from R&I and **A+ (stable)** from JCR.
- **Improved loan terms** by negotiation with lenders .

ESG

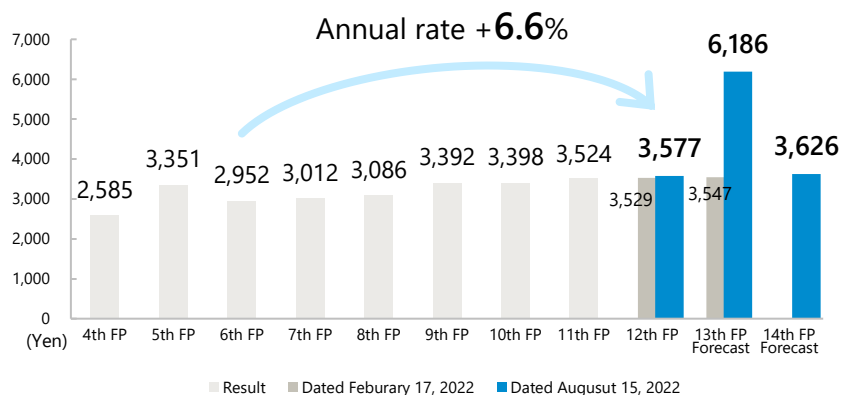
- **Disclosed in line with TCFD recommendations and revamped goals of GHG emissions.**
- Over 80% of the properties produce solar power, and **65% of the total consumption was generated with renewable energy** (from April 2021 to March 2022).

Other

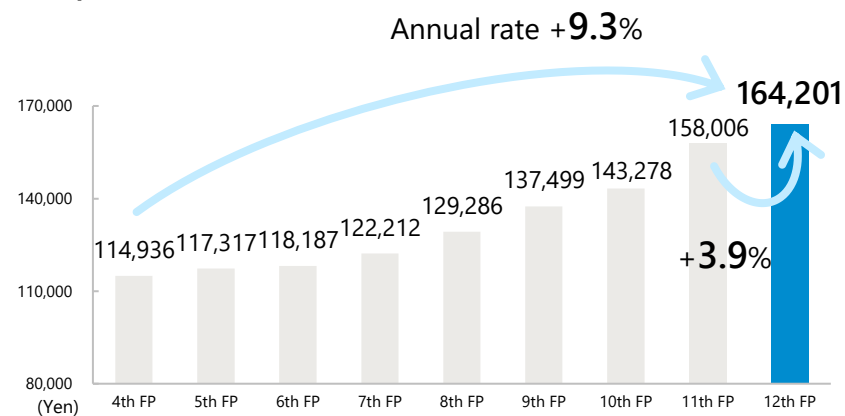
- **Win Capital Eye Awards “BEST ISSUER OF 2021”** in recognition of the first J-REIT's diverse initiatives.

Since Listing in February 2018, Steady Growth through Five Public Offerings and Acquisition and Sale

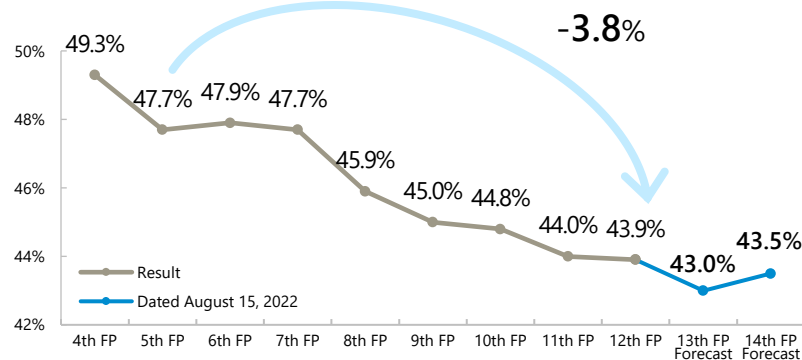
Distributions per unit (DPU)



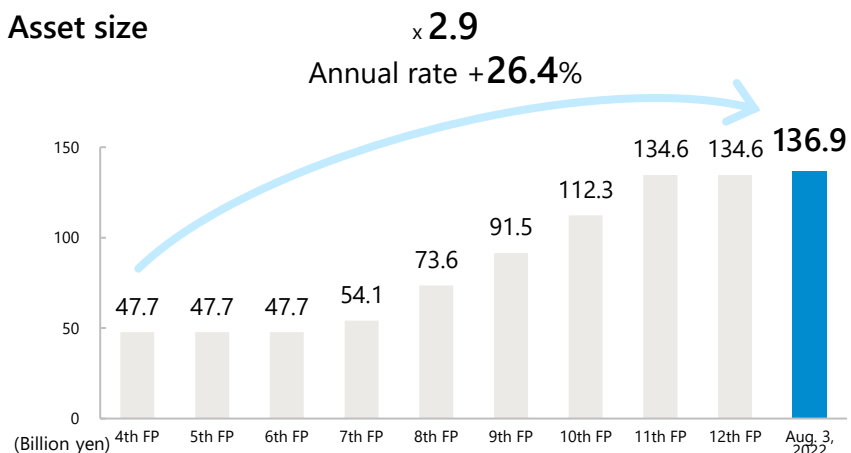
NAV per unit



LTV

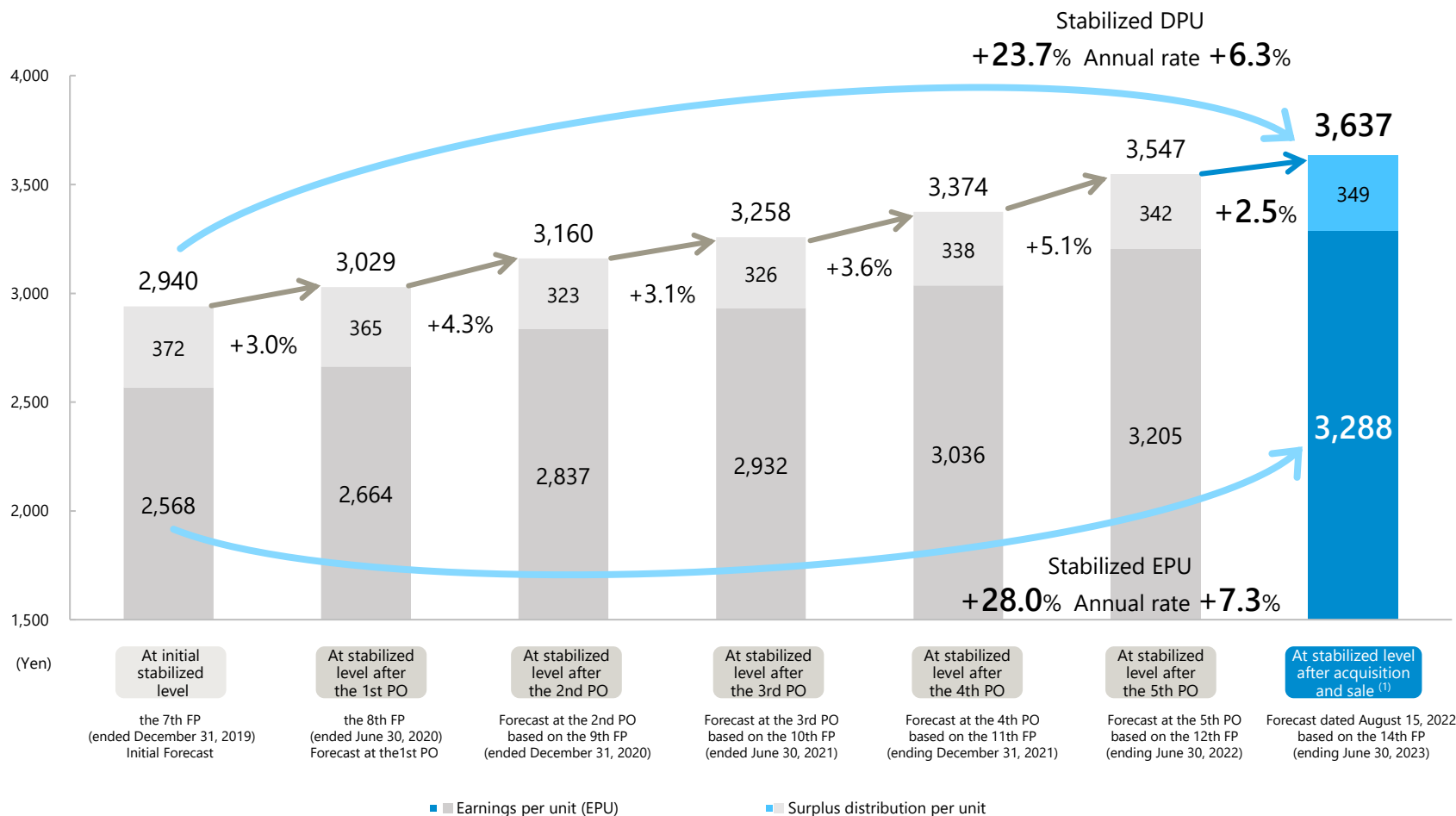


Asset size



Realize External Growth that Contributes to Increases in DPU

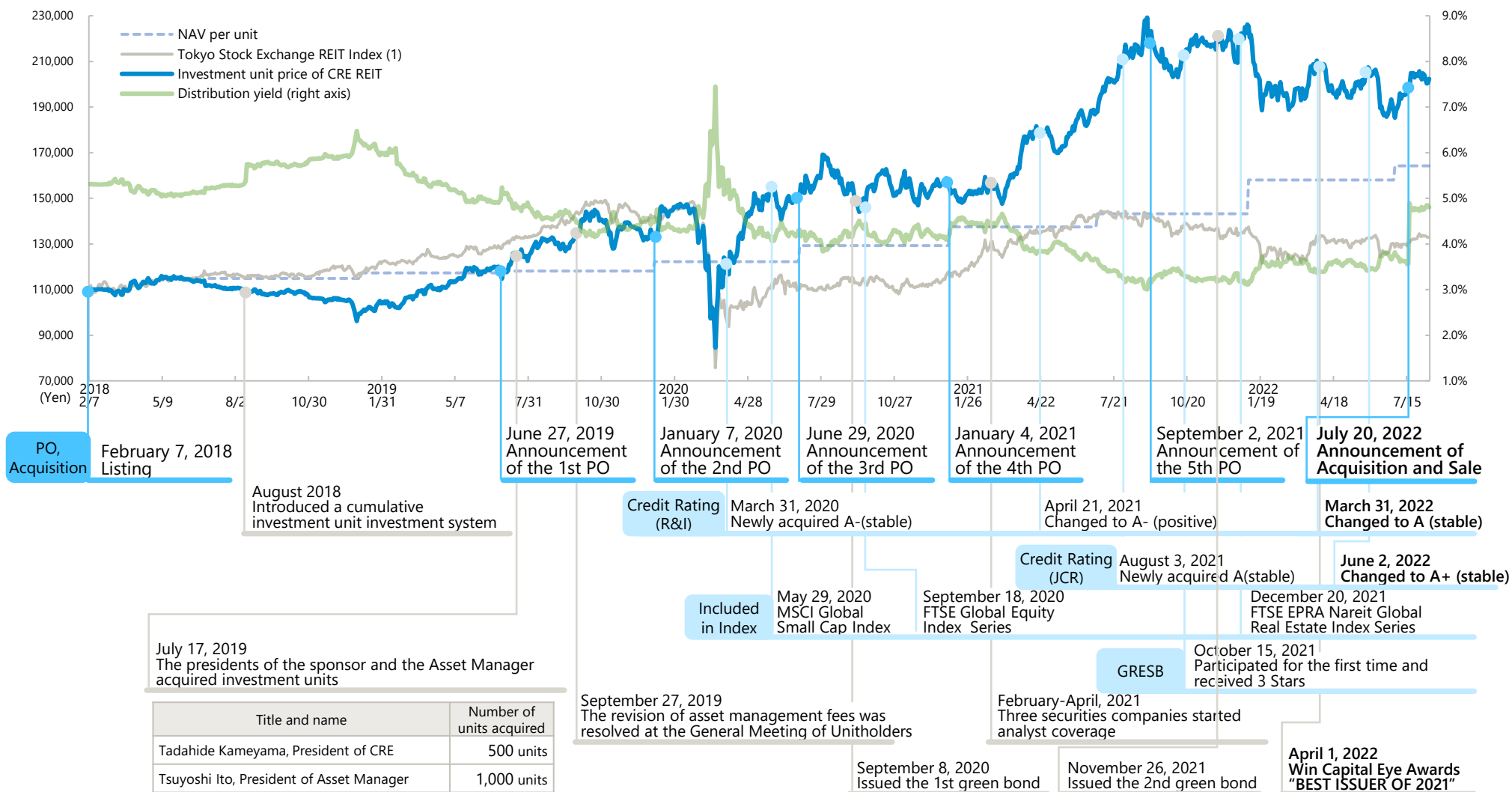
Increase stabilized DPU by an average annual growth rate of 6.3% through public offering for five consecutive periods and acquisition of assets.



1. Please refer to the notes on 67 page for the underlying assumptions.

Investment Unit Price has Increased through the Past Five Public Offering etc.

Trend in investment unit price (closing price) (as of August 12, 2022)



1. Trends in the closing price of the Tokyo Stock Exchange REIT Index at Tokyo Stock Exchange, Inc. (hereinafter "TSE") show trends in relativized figures on the assumption that the closing price (1,664.83pt) of the TSE REIT Index on the date of the listing of CRE REIT (February 7, 2018) is the same as the issue price (110,000 yen per unit) of CRE REIT at the time of listing.

Highlights on the 12th FP – Achieved Record High Results

Distributions per unit

12th FP Results (2022/6)	3,577 yen (vs forecast: +48 yen, +1.4%)
13th FP Forecasts (2022/12)	6,186 yen
14th FP Forecasts (2023/6)	3,626 yen

NAV per unit

12th FP Results (2022/6)	164,201 yen (vs previous FP +6,195 yen, +3.9%)
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Portfolio

Portfolio size	20 properties 134 billion yen
Occupancy rate	100.0%
Average remaining lease term	4.8 years
Average property age	4.7 years

Asset

	12th FP (2022/6)	Compared to 11th FP
Appraisal value	151,620 million yen	+3,060 million yen
Unrealized gains	19,572 million yen	+3,690 million yen
Unrealized gains ratio	14.8%	+2.9%
NOI yield	4.7%	+0.1%
NOI yield after depreciation	3.8%	+0.1%
Repair expense	7 million yen	+3 million yen
Capital expenditure	11 million yen	+5 million yen

Debt

	12th FP (2022/6)	Compared to 11th FP
Interest-bearing debt	61,869 million yen	-million yen
LTV	43.9%	-0.1%
LTV based on appraisal value	38.5%	-1.0%
Ratio of fixed interest debt	94.1%	-5.9%
Ratio of long-term debt	100.0%	-%
Average borrowing interest rate	0.581%	+0.003%

Equity

	12th FP (2022/6)	Compared to 11th FP
Net assets per unit	133,118 yen	-287 yen
NAV	92,724 million yen	+3,498 million yen
NAV per unit	164,201 yen	+6,195 yen
Total number of investment units outstanding	564,700 units	- units

1. As of June 30, 2022

Results for the 12th Fiscal Period

Unit: million yen

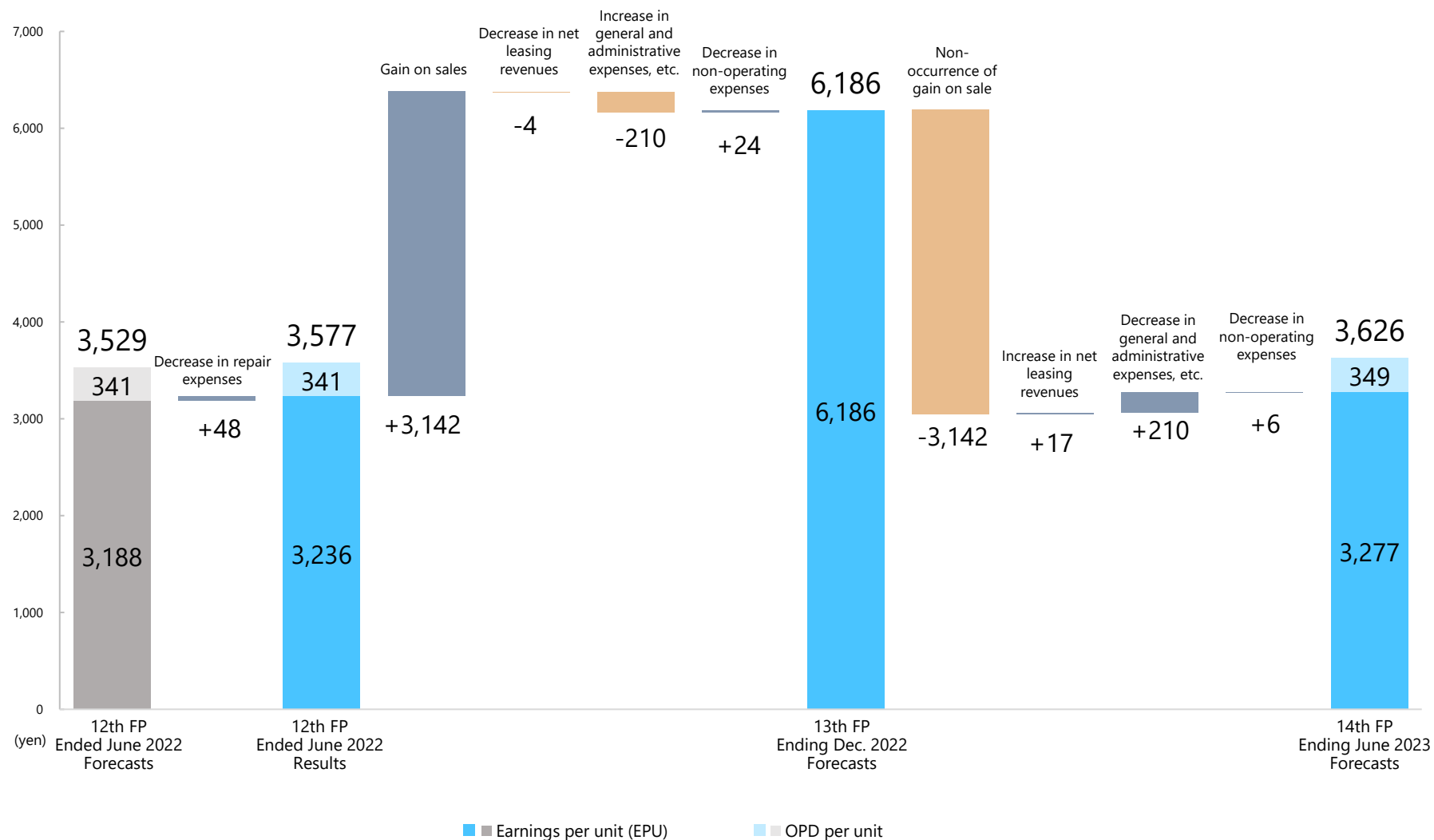
	11th FP (2021/12) Results (A)	12th FP (2022/6) Forecasts (B)	12th FP (2022/6) Results (C)	vs. Previous FP (C) - (A)	vs. Forecast (C) - (B)	Major factors for difference
Leasing revenues	3,595	3,875	3,871	+ 276	- 3	
Leasing expenses (excluding depreciation)	521	724	702	+ 180	- 22	
NOI	3,073	3,151	3,169	+ 95	⑤ + 18	<vs. previous period> ① Net leasing revenues +69 • Full-period contribution of 1 property acquired in the 11th FP +200 • Start expensing of Property taxes and City planning taxes on 4 properties acquired in the 10th and the 11th FP -125
Depreciation	615	642	642	+ 26	- 0	
Net leasing revenues (NOI - Dep.)	2,458	2,508	2,527	① + 69	+ 18	
General and administrative expenses, etc.	369	412	407	② + 37	- 4	② General and administrative expenses, etc. +37 • Increase in asset management fees +30 • Increase in other fees +7
Operating income	2,088	2,096	2,119	+ 31	+ 23	
Non-operating income	11	-	0	③ - 10	+ 0	③ Non-operating income -10 • Non-occurrence of refund of Property taxes and City planning taxes -11
Non-operating expenses	300	294	292	④ - 8	- 2	④ Non-operating expenses -8 • Non-occurrence of expenses related to issue of investment units for the 5th PO -15 • Increase in costs for acquisition of environmental certification, etc. +4
Ordinary income	1,799	1,801	1,828	+ 28	+ 26	
Net income	1,798	1,800	1,827	+ 28	+ 26	
Distributions per unit (yen)	3,524	3,529	3,577	+ 53	+ 48	
Earnings per unit (yen)	3,186	3,188	3,236	+ 50	+ 48	
OPD per unit (yen)	338	341	341	+ 3	-	<vs. forecast> ⑤ NOI +18 • Decrease in repair expenses +19

Forecasts for the 13th and 14th Fiscal Periods

Unit: million yen

	12th FP (2022/6) Results (A)	13th FP (2022/12) Forecasts (B)	Difference (B) - (A)	14th FP (2023/6) Forecasts (C)	Difference (C) - (B)	Major factors for difference
Leasing revenues	3,871	3,943	+ 71	3,952	+ 8	
Gain on sales	-	1,774	① + 1,774	-	⑥ - 1,774	<13th FP> ① Gain on sales +1,774 • Gain on sale of LogiSquare Chitose +1,774
Leasing expenses (excluding depreciation)	702	761	+ 58	760	- 0	② Net leasing revenues -2 • Increase due to additional acquisition of LogiSquare Sayama Hidaka +48 • Decrease due to sale of LogiSquare Chitose -31 • Increase in repair expenses -21
NOI	3,169	3,182	+ 12	3,191	+ 9	③ General and administrative expenses, etc. +119 • Increase in asset management fees +108 • Non-deductible consumption tax from sale of LogiSquare Chitose +7
Depreciation	642	657	+ 15	657	- 0	④ Non-operating expenses -13 • Decrease in loan-related expenses and interest expenses -8
Net leasing revenues (NOI - Dep.)	2,527	2,524	② - 2	2,534	⑦ + 9	⑤ OPD per unit -341 Considering the levels of net income from gain on sale, CRE REIT will not implement continuous surplus distributions.
General and administrative expenses, etc.	407	526	③ + 119	407	⑧ - 118	<14th FP> ⑥ Gain on sales -1,774 • Non-occurrence of gain on sale -1,774
Operating income	2,119	3,772	+ 1,653	2,126	- 1,646	⑦ Net leasing revenues +9 • Full-period contribution of LogiSquare Sayama Hidaka additionally acquired +9 • Start expensing of Property taxes and City planning taxes on LogiSquare Sayama Hidaka additionally acquired -10 • Decrease in repair expenses +8
Non-operating income	0	-	- 0	-	-	⑧ General and administrative expenses, etc. - 118 • Decrease in asset management fees -106 • Non-occurrence of non-deductible consumption tax -7
Non-operating expenses	292	278	④ - 13	275	- 3	
Ordinary income	1,828	3,494	+ 1,666	1,851	- 1,642	
Net income	1,827	3,493	+ 1,665	1,850	- 1,642	
Distributions per unit (yen)	3,577	6,186	+ 2,609	3,626	- 2,560	
Earnings per unit (yen)	3,236	6,186	+ 2,950	3,277	- 2,909	
OPD per unit (yen)	341	-	⑤ - 341	349	+ 349	

Comparison of Each Period



A wide-angle photograph of a long, modern industrial warehouse. The building has a grey metal facade and a series of white roll-up loading docks. Above the docks, the numbers 301, 302, 303, 304, and 305 are visible. A large, dark grey number '3' and the letter 'F' are painted on the side of the building. A concrete rampway runs alongside the docks, leading up to the second and third floors. The sky is overcast with grey clouds. In the background, there is a green field and some distant buildings.

3. Growth Strategies

LogiSquare Sayama Hidaka

There is a rampway enabling heavy trucks to go directly to the second and third floors, giving the property a total of 120 truck berths across the first, second and third floors.

Rich Pipeline Enabling Future External Growth

Aiming for continuous growth in distributions based on cooperation with CRE Group

Pipeline⁽¹⁾

12 properties / Total floor area **734,244 m²**

Properties with exclusive negotiation right



LogiSquare Shiroi
(1) December 2022
(2) 30,808m²
(3) Shiroi-shi, Chiba



LogiSquare Hirakata
(1) January 2023
(2) 45,842m²
(3) Hirakata-shi, Osaka

Properties under development by CRE



LogiSquare Atsugi I
(1) March 2023
(2) 18,236m²
(3) Aikawa-machi, Kanagawa



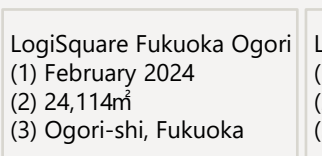
LogiSquare Matsudo
(1) May 2023
(2) 15,642m²
(3) Matsudo-shi, Chiba



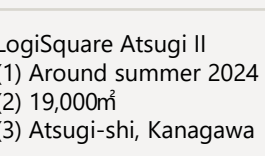
LogiSquare Ichinomiya
(1) September 2023
(2) 60,641m²
(3) Ichinomiya-shi, Aichi



LogiSquare Fujimino A,B,C
(1) A: January 2024 (2) A: 112,295m²
B: October 2024 B: 116,319m²
C: 2025 C: 43,283m²
(3) Fujimino-shi, Saitama



LogiSquare Fukuoka Ogori
(1) February 2024
(2) 24,114m²
(3) Ogori-shi, Fukuoka



LogiSquare Atsugi II
(1) Around summer 2024
(2) 19,000m²
(3) Atsugi-shi, Kanagawa



LogiSquare Kyotanabe A,B
(1) A: February 2025 (2) A: 160,530m²
B: 2026 B: 87,534m²
(3) Kyotanabe-shi, Kyoto

(1) Completion date (planned) (2) Total floor area (planned) (3) Location

1. As of August 15, 2022, CRE REIT has not engaged in specific negotiations with the CRE Group companies regarding the pipeline nor does it have any plan to acquire from the pipeline at the present time or guarantee any future acquisition from the pipeline.

CRE REIT's Approach to Property Acquisitions /CRE's Approach to Property Sales and Development

CRE REIT's Approach to Property Acquisitions

- Acquisition of property without dilution of distribution per unit/NAV per unit is a prerequisite for the improvement of unitholder value. During all from the first to the fifth public offering, CRE REIT acquired and will acquire properties at an appraisal NOI yield above the implied cap rate and upheld the above prerequisite. CRE REIT plans to maintain this approach moving forward.
- Achieve flexible external growth, with consideration for investment unit price, including utilizing the bridge function. CRE REIT acquired three properties from leasing company at IPO and one property from leasing company at first public offering. The timing of property sales by the sponsor and acquisitions by CRE REIT can be adjusted.
- Acquisition of medium-sized properties and acquisition of quasi co-ownership interests using free cash is also possible. Availability to investment in the properties with total floor area of 5,000m² or larger allows the acquisition of properties in several billions of yen using retained free cash from accumulated depreciation.

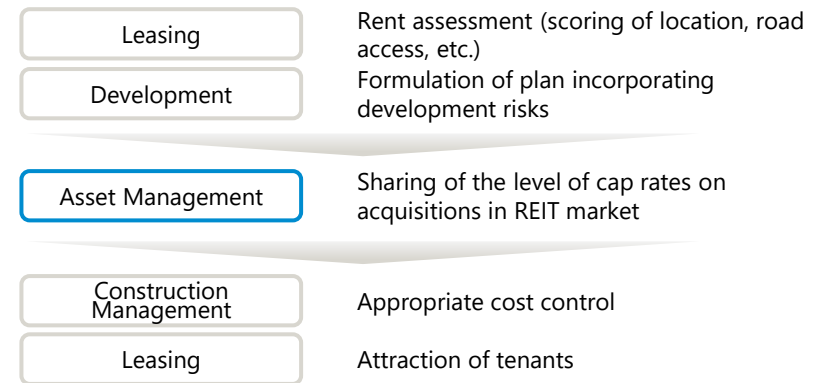
CRE's Approach to Property Sales and Development

Stable operation of CRE REIT over medium and long term is CRE's top priority

CRE's Positioning of Asset Management Business

- Grow asset management business into second pillar of recurring revenue model.
- Continuously earn asset management fees and property management fees by selling properties developed by CRE to CRE REIT.

The Asset Manager is involved from the time of property acquisition to implement the development with discipline

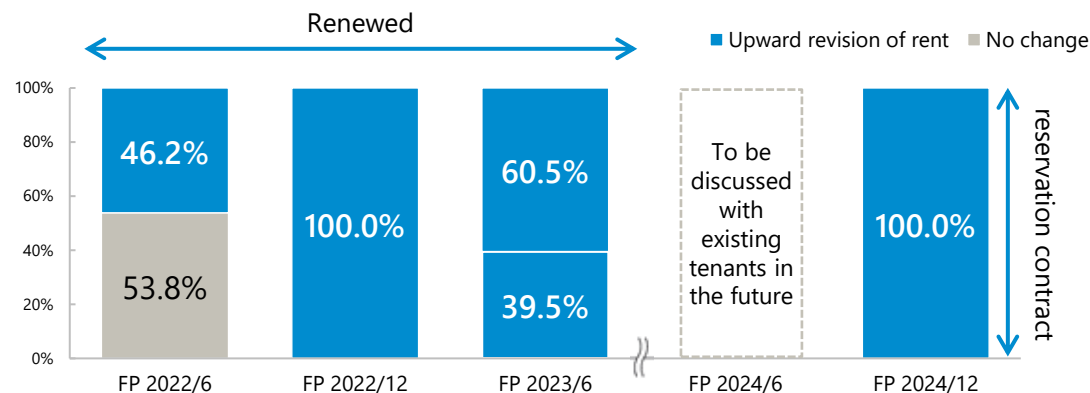


Generation of higher profits than budgeted

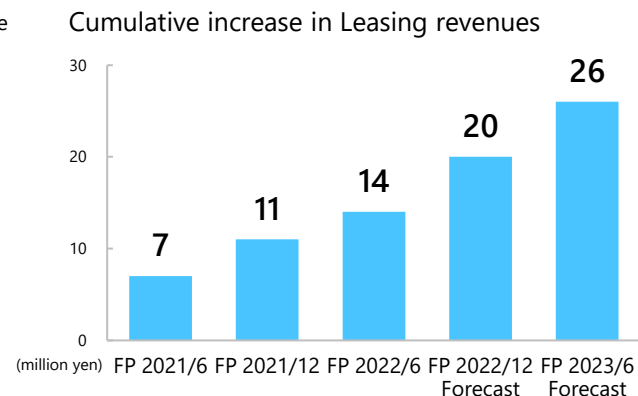
Source: Prepared by the Asset Manager based on the Long-term Management Policy (September 12, 2016) of CRE, Inc.

All tenants whose contracts expire by December 2023 have been renewed

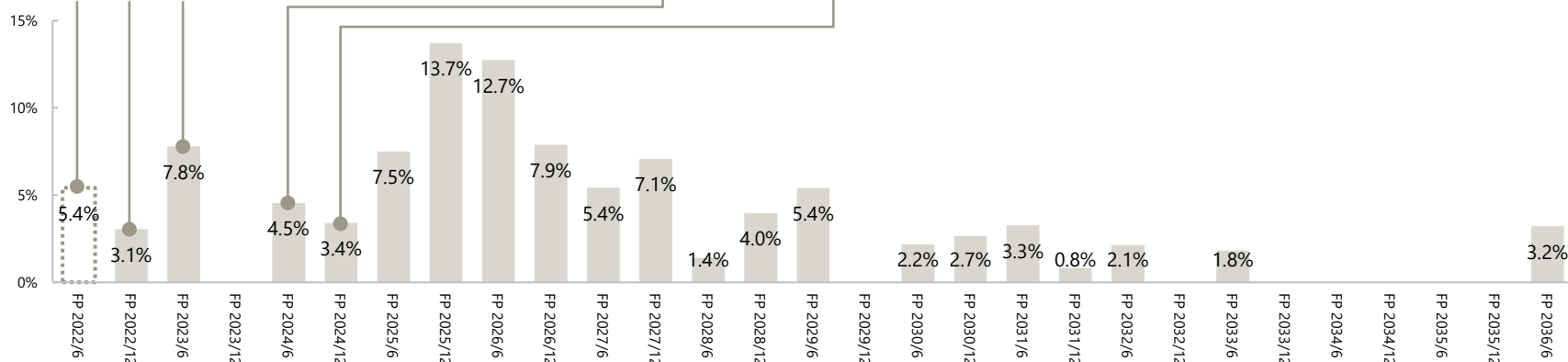
All tenants whose contracts expire by December 2023 have been renewed



Increase due to rent revision



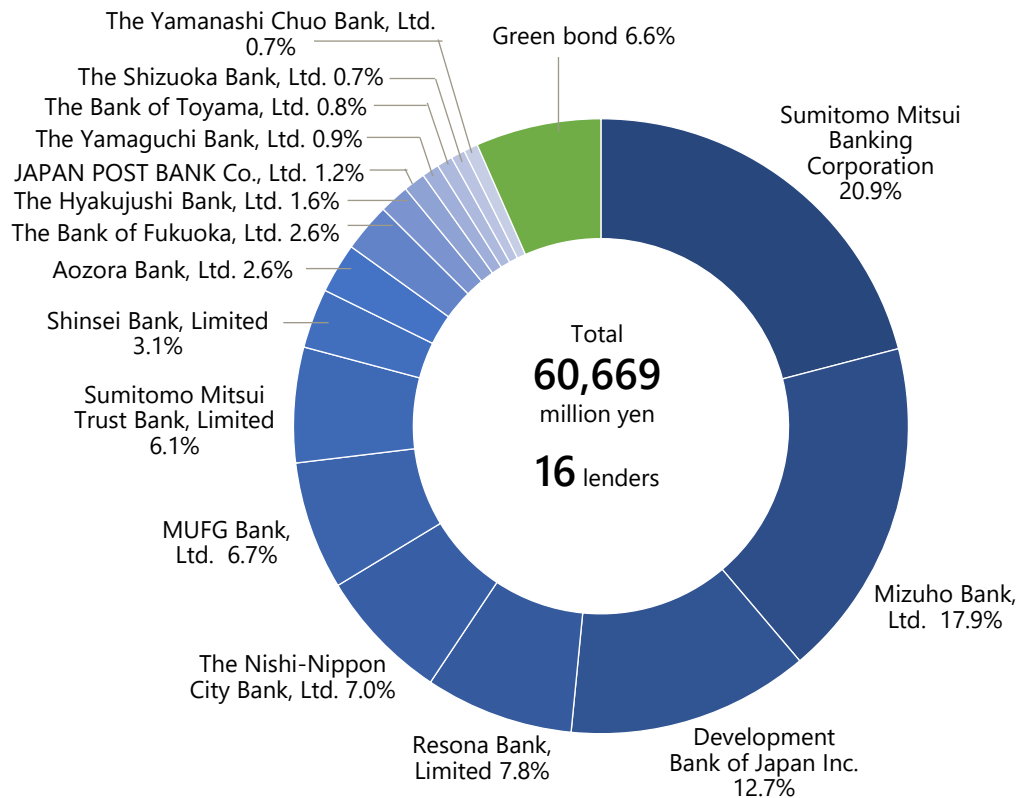
Diversification of lease terms (based on leased area)



Stable Financial Management

(1) Diversification of Financing Methods

Diversify interest-bearing debt sources



1. As of July 31, 2022

R&I and JCR both improved their credit ratings

Rating and Investment Information, Inc. (R&I)	A- (Positive)	▶	A (Stable)	Announced on March 31, 2022
Japan Credit Rating Agency, Ltd. (JCR)	A (Stable)	▶	A+ (Stable)	Announced on June 2, 2022

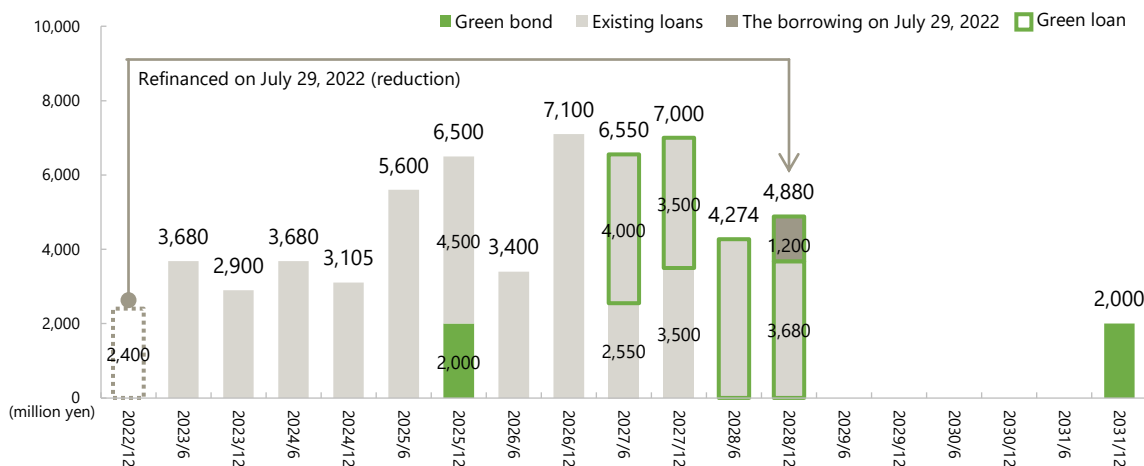
Investment corporation bond

	Amount of issue (million yen)	Interest rate	Date of issue	Duration
1st investment corporation bond (Green bond)	2,000	0.530%	September 8, 2020	5 years
2nd investment corporation bond (Green bond)	2,000	0.720%	November 26, 2021	10 years

Stable Financial Management

(2) Promote Diversification of Maturity and Prolong the Debt Term

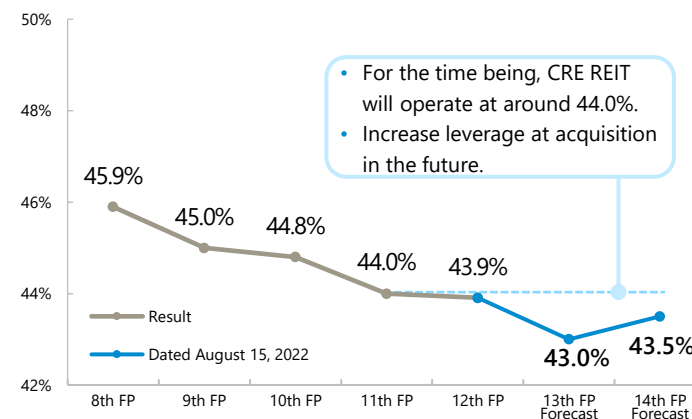
Promote diversification of maturity (as of July 31, 2022)



Prolong the debt term

	12th FP (2022/6)	After the refinance (July 31, 2022)	Difference
Interest-bearing debt	61,869 million yen	60,669 million yen	-1,200 million yen
LTV	43.9 %	14th FP Forecast 43.5 %	- 0.4 %
Ratio of fixed interest debt	94.1 %	92.0 %	- 2.1 %
Ratio of long-term debt	100.0 %	100.0 %	— %
Average interest rate	0.581 %	0.580 %	- 0.000 %
Average remaining term of interest-bearing debt	3.6 years	3.8 years	+ 0.1 years

Reduce LTV and secure future borrowing capacity



Approach to interest-bearing debt

- Set the LTV level of CRE REIT at around 45%, and work to reduce it according to the market environment.
- Conduct financial management with focus on long-term stability by taking out long-term loans at a fixed interest rate.
- Going forward, continue to actively promote procurement with green qualifying debt.

Promoting ESG Efforts

Disclosed in line with TCFD recommendations and revamped goals



Newly disclosure qualitative scenario analysis, goals, etc.

Page 32-40

Win Capital Eye Awards “BEST ISSUER OF 2021”



Capital Eye Awards 2021
Real Estate Investment Trusts Category

CRE REIT is a forerunner of allocating all new investment units to domestic and overseas institutional investors at the public offering using Reg. S only with prospectus documented by a Japanese language. And it is also first case to deliver the prospectus only electronically in Japan, CRE REIT follows the concept of “Green Equity”. Furthermore, CRE REIT has been challenging the first issuance such as with Hard-Pot Method and shortest period for subscription. And CRE REIT has been contributing to the diversification of offering methods in J-REIT.

Announced on April 1, 2022

GRESB



G R E S B
★★★★☆ 2021

GRESB Real Estate
Assessment

3 Stars

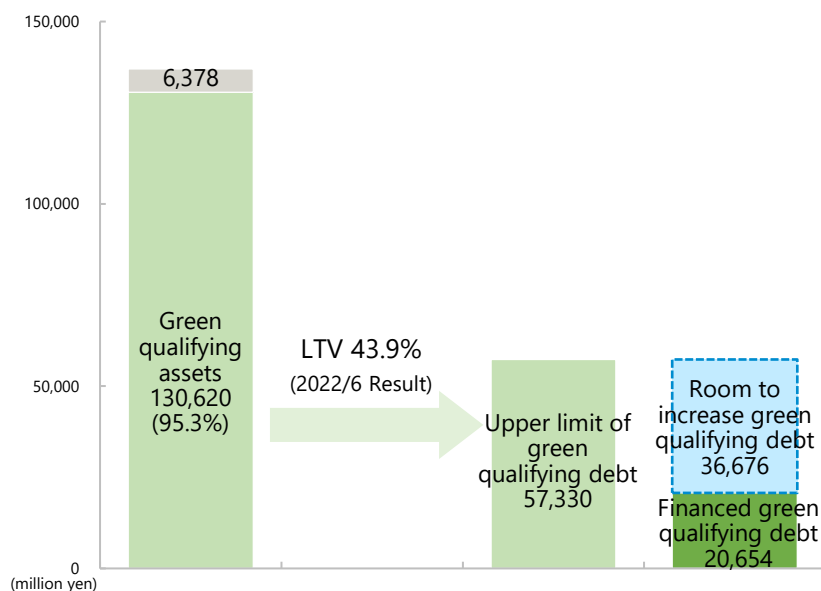
Green Star

GRESB Public
Disclosure

A

Promote green finance

Status of green loans and green bonds (as of August 3, 2022)



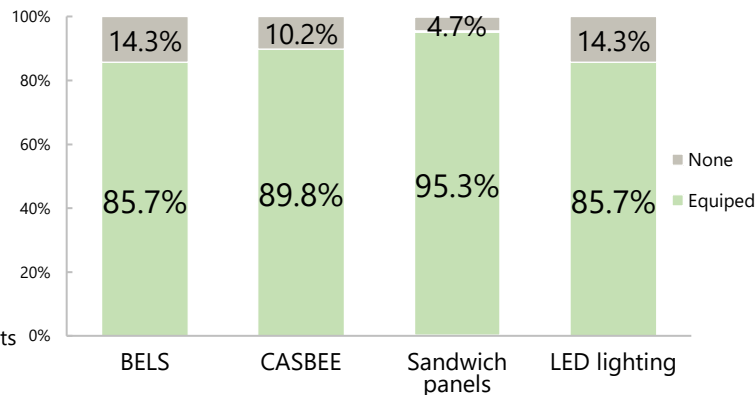
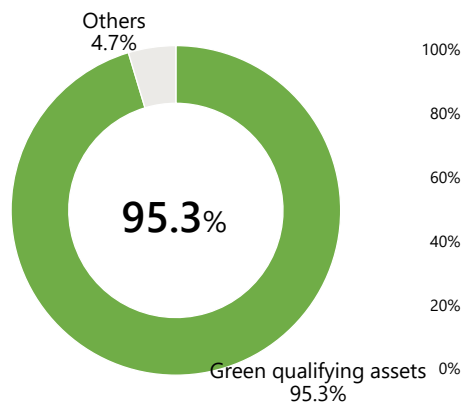
1. “Room to increase green qualifying debt”=Acquisition price of properties that fall under the category of green qualifying assets x LTV (2022/6 Result) -green bond issued and Green loan amount as of the end of July 2022

Status of green equity offerings

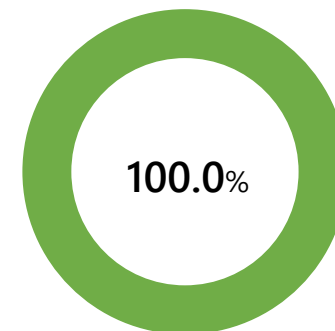
	Payment date	Amount of raised funds
5th public offering	September 15, 2021	13,147 million yen

Promoting ESG Efforts – Environment (1)

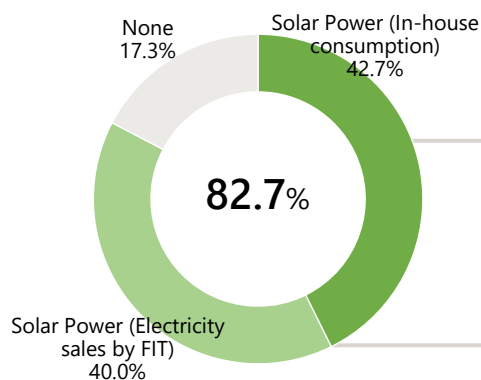
95.3% of portfolio are composed of green qualifying assets



Include green lease clauses in all contracts re-signed in 2022

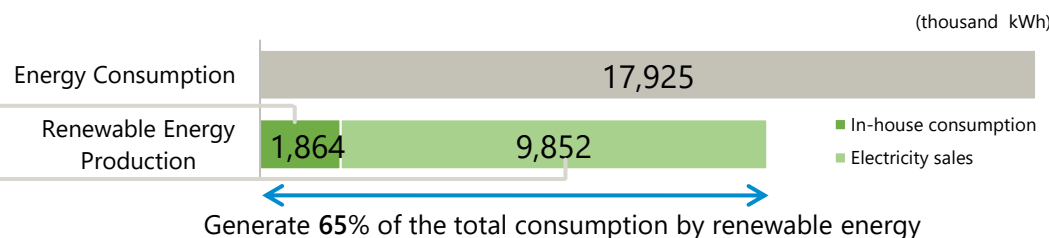


Over 80% have installed solar power



Of the five properties that have been introduced for in-house consumption, one was acquired in September 2021, so the amount looks small.

Electricity consumption and Energy production of all properties from April 2021 to March 2022



Regarding "in-house consumption", the produced electricity can be used without transmission loss, and provided directly to tenants, therefore, CRE REIT will actively introduce "In-house consumption" for the properties acquiring in the future.

1. CRE REIT leases roof top space and the lessees produce renewable energy by installing solar panels.

Promoting ESG Efforts – Environment (2)

In-house consumption of solar power

Ensure a part of the electricity consumed in facilities from the electricity generated by solar power.



Human detecting sensors

Promote energy saving by installing human detecting sensors in facilities.



Installation of water-saving sanitation appliances

Promote the reduction of water usage by installing high-performance water-saving sanitation appliances in the reduction of water usage.



Installation of roof watering equipment

Contribute to the reduction of temperatures inside warehouses by installing well water-based roof watering equipment.



Green walls

Green walls has the effect of lowering the surface temperature of buildings and contributes to the reduction of CO₂ in the atmosphere.



Soil contamination countermeasures

Enbio Holdings, Inc., a CRE group company, revitalizes old factory sites as the land for logistics facilities by actively utilizing in-situ cleaning methods that decompose underground contaminants without excavating contaminated soil.

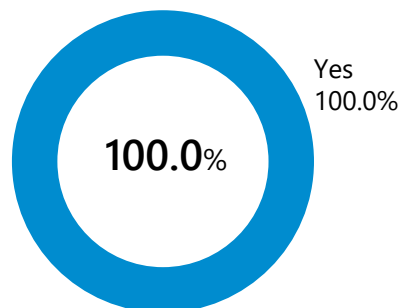


Promoting ESG Efforts – Social (1)

Conduct tenant satisfaction surveys

- We will continue to consider improvement measures to increase tenant satisfaction and property value.
- We have confirmed that tenants are becoming more aware of ESG and environmental issues.

Do you want to stay in LogiSquare in the future?



1. Based on leased area.

2. The above survey was conducted in October and November 2021 for all tenants.

Hold educational field trip for nearby elementary school students



The tenant conducted educational field trip for nearby elementary school students at LogiSquare Osaka Katano in May and June 2022.

Establish a favorable relation between the employees and the Company

- Quarterly Employee satisfaction survey

Asset Manager conducts questionnaires on employee engagement four times a year and confirms that respondents are proactively engaging in their work and are motivated to contribute to the organizations to which they belong. If problems are identified, the employees themselves devise and implement improvement measures.

- The president has 1 on 1 meeting with all employees quarterly

The President of the Asset Manager interviews each employee every quarter. These interviews are opportunities to discuss various matters, including target-setting, progress of work and career building.



- Employee turnover rate remains low

FY 2022/7	FY 2021/7	FY 2020/7
0.0% (- employee)	7.7% (1 employee)	0.0% (- employee)

Promoting ESG Efforts – Social (2)

The business continuity of tenants and the improvements in amenities

- Support for business continuity planning measures
 - Logistics facilities located in an inland area where the risk of liquefaction is low.
 - Install power receiving and transforming equipment at elevated locations as a flood control measure.
 - Introduce earthquake early warning systems.
 - Install AEDs.
 - Install emergency power supply systems.
 - Install short circuit isolators in fire alarms to prevent the spread of fires.
- Amenity Improvements
 - Adopt warm-color lighting in entrances and truck berths, etc.
 - Install restrooms for outside drivers.
 - Renovate smoking rooms to respond to the revision to the Health Promotion Act in April 2020.



Active disclosure to investors

- Rationalize disclosures by correcting information gaps among investors.
 - Promote fair disclosure and the rationalization of disclosure by enhancing supplementary explanation materials.
- IR activities in consideration of COVID-19
 - Since March 2020, we hold conference calls and web conferences with institutional investors in Japan and overseas to have the same dialogue as usual.



Efforts for officers and employees

- Support for skill development
 - Encourage employees to acquire qualifications by paying for expenses and bonuses for acquisition of qualifications.

License holders (including those that have passed examinations)

Qualification name	Percentage of staff holding qualification or having passed exam (1)
Real estate broker	84.6%
ARES (Association for Real Estate Securitization) Certified Master	61.5%
CMA (Certified Member Analyst of the Securities Analysts Association of Japan) holder	23.1%
Real estate consulting master	15.4%

1. Calculated with the 13 people involved in the operation of CRE REIT (as of June 30, 2022) as the denominator.

- Improvement of the work environment
 - Refresh and expand the work space by relocating offices.
 - Introduce staggered commuting and working from home as a measure against COVID-19.

Contribution to regional and social development

- CRE Activities
 - The CRE Group has cooperated with a local government in the excavation of the remains of 74 pit houses from the Middle Jomon Era (about 5,000 years-old), which were discovered during the development of LogiSquare Sayama Hidaka, and has collaborated with the local government in the preservation of archaeological records and tours of the site.
 - Hold a CRE forum for the purpose of sharing logistics issues faced by companies.
- Install fire cisterns to provide tap water that can be used as a firefighting irrigation.
- Cooperate for traffic restrictions during the Saitama International Marathon.



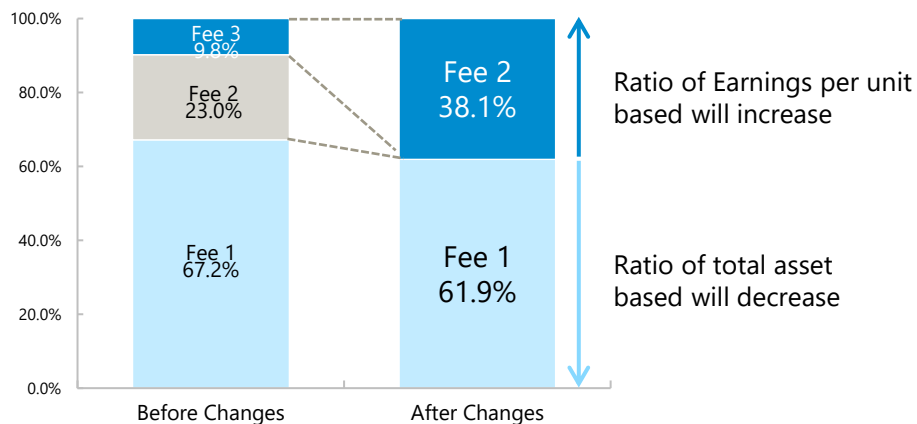
Promoting ESG Efforts – Governance (1)

Scheduled to revise of asset management fee structure more aligned with unitholder's interests

- Scheduled to amend Articles of Incorporation at the General Meeting of Unitholders to be held on September 28, 2022 and revise fee structure from the fiscal period ending June 2023.
- By reducing management fee 1 based on total asset and unifying management fees 2 and 3, aim to increase the linkage with earnings per unit.

	Before Changes	After Changes
Management fee 1	Total assets × 0.325% (Upper limit)	Reduce Total assets × 0.3%
Management fee 2	Income before income taxes × 4.0% (Upper limit)	Unify Income before income taxes × Earnings per unit × 0.0019%
Management fee 3	Earnings per unit × 10,000	
Fee on acquisition	Acquisition cost × 1.0% (Upper limit) (0.5% (Upper limit) in case of transactions with interested party)	Acquisition cost × 1.0% (0.5% in case of transactions with interested party)

Comparison based on FP ended June 2022



Promoting ESG Efforts – Governance (2)

Holding investment units by officers and employees of the sponsor and the Asset Manager

- The sponsor's president holds units of CRE REIT. Many officers and employees of the Asset Manager hold investment units of CRE REIT based on a cumulative investment system and internal regulations.

	Title	Name	Units held ⁽¹⁾
CRE	President	Tadahide Kameyama	722 units
the Asset Manager	President	Tsuyoshi Ito	1,162 units
	Managing Director	Takeshi Oka	61 units
	11 out of 14 employees		145 units

1. As of June 30, 2022. Also, the number of each held unit is rounded down to the nearest unit.

High independence of the Asset Manager

- The Asset Manager was established as an independent asset management company, and all of its employees are employed by the Asset Manager. CRE is not involved in their recruitment or personnel evaluation.

Category	Number of persons ⁽¹⁾
Full-time directors	2
Employees	14
(Of which, employees seconded from CRE)	–
Total	16

1. As of June 30, 2022



4. Disclosure based on TCFD Recommendations

LogiSquare Kuki

The north side of the property adjoins Kuki Shobu Park, which covers an area of around 40 hectares and can be accessed through a pedestrian gate, providing a space for employees to relax.

Awareness of Climate Change and Declaration of Support for the TCFD Recommendations, Etc.

Awareness of climate change

- The Paris Agreement adopted in 2015 set a common goal of limiting the global average temperature increase to less than 2°C compared with pre-industrial levels (non-binding target 1.5°C) and reducing greenhouse gas emissions to virtually zero by the second half of the 21st century. This is expected to result in a significant transition toward a decarbonization of society and the economy, including the strengthening of international frameworks to reduce greenhouse gas emissions and policies such as emission controls in Japan and overseas.
- In light of this growing interest in sustainability in society as a whole, CRE REIT Advisers, Inc. ("the Asset Manager"), the asset manager to which CRE Logistics REIT, Inc. ("CRE REIT") entrusts the management of its assets, is focusing on efforts for ESG issues, believing that addressing sustainability and ESG issues, including the response to climate change, will contribute to the strengthening of CRE REIT's competitive edge and the enhancement of its unitholder value over the medium to long term.
- Above all, the Asset Manager recognizes that enhancing its resilience to socioeconomic changes brought about by climate change and physical changes in the global environment is essential for CRE REIT to secure sustainable and stable earnings over the long term.

Declaration of support for the TCFD recommendations and participation in the TCFD Consortium

- To promote the climate-related disclosure, the Asset Manager declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) in February 2022 and participates in the TCFD Consortium, in which many companies in Japan supporting the TCFD participate.
- In the TCFD Consortium, companies and financial institutions that support the TCFD recommendations are working together to pursue their efforts and discuss initiatives to promote effective corporate information disclosure and link disclosed information to appropriate investment decisions by financial institutions and others. Through its participation in the TCFD Consortium, the Asset Manager will engage in dialogue with companies that support the TCFD recommendations, gather information on good practices and promote climate-related financial disclosure in line with TCFD recommendations.



Governance

Sustainability promotion structure

- The Asset Manager has established the following framework to continuously and methodically promote initiatives for sustainability and ESG issues including the response to climate change.

	Responsible persons and members	Roles, etc.
Chief Sustainability Officer	Representative Director and President	Overseeing establishment of frameworks for promoting sustainability and execution of various policies, targets and measures.
Sustainability Operating Officer	Head of the Corporate Planning Department	Implementing the establishment of frameworks and measures to promote sustainability.
Sustainability Promotion Committee	Chief Sustainability Officer Sustainability Operating Officer Full-time Directors Head of the Investment Management Department Compliance Officer	Holding a meeting at least once every three months, in principle, and implementing the following. <ul style="list-style-type: none"> Examining and devising various policies, targets and measures related to sustainability. Continuously following up on issues regarding unachieved targets and findings by incorporating them into targets for the next fiscal period, in principle. Reporting on policies, targets and measures to the Board of Directors of the Asset Manager and the Board of Directors of CRE REIT.

Strategy (1) Conditions for Scenario Analyses

Conducting scenario analyses

- To identify and assess the impacts (risks and opportunities) of climate change-related risks on CRE REIT's portfolio and take them into account in its business strategy, the Asset Manager conducted a scenario analysis under two scenarios of 1.5°C and 4°C.

Conditions for scenario analyses

Scope	CRE REIT's portfolio					
Time span	Short-term	As of the end of 2025	Medium-term	As of the end of 2030	Long-term	As of the end of 2050

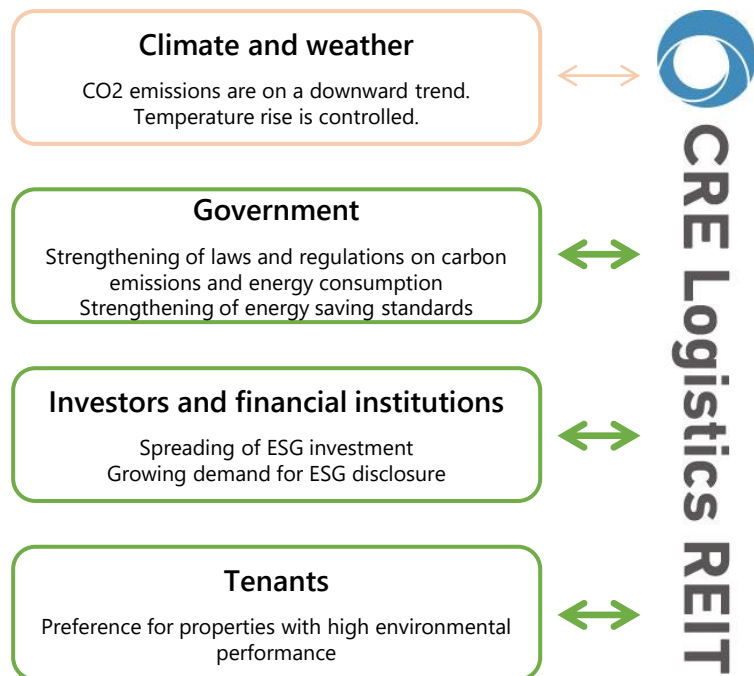
Categories of climate change-related risks		Major sources of information referenced	
		1.5°C scenario	4°C scenario
Transition risks	Risks arising from new regulations, taxation, technologies, etc. associated with the decarbonization of society and economy	IEA (International Energy Agency) World Energy Outlook 2020 NZE2050	IEA World Energy Outlook 2020 STEPS
Physical risks	Risk of direct business damage caused by climate change, such as intensified natural disasters and long-term shifts in climate patterns	IPCC (Intergovernmental Panel on Climate Change) the Fifth Assessment Report RCP2.6	IPCC the Fifth Assessment Report RCP8.5

Strategy (2) Overview of Each Scenario

Overview of each scenario

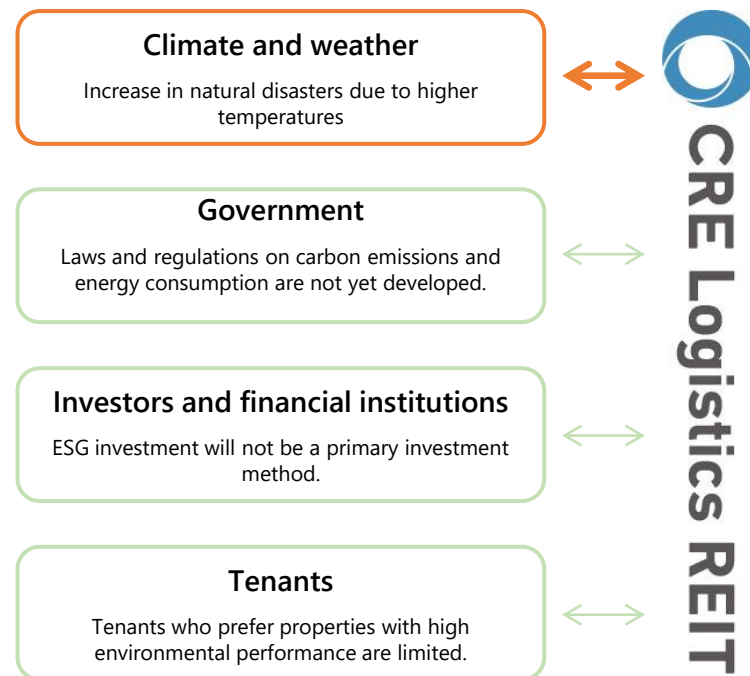
1.5°C scenario

- To achieve a decarbonized society, strict laws, regulations and taxation systems are implemented.
- Transition risk is high, and physical risk is low.



4°C scenario

- Strict laws, regulations and taxation systems are not implemented, and no progress is made toward achieving a decarbonized society.
- Transition risk is low, and physical risk is high.



Strategy (3) Identification and Assessment of Risks and Opportunities

- Based on the scenario analyses, the Asset Manager has identified risks and opportunities and assessed their impact on CRE REIT's portfolio as shown in the table below.

		Events	Category	Financial impact	Degree of financial impact			
					1.5°C scenario		4°C scenario	
					Short term	Medium to long term	Short term	Medium to long term
Transition risks and opportunities	Policies and Legal	Introduction of a carbon tax Progress of emissions trading scheme	Risks	<ul style="list-style-type: none">• Increase in tax burden costs• Increase in costs for promoting the conversion of properties to renewable energy• Increase in the purchase of emission credits and emission control costs	Medium	Large	Small	Small
	Technology	Advancement of renewable energy and energy-saving technologies	Risks	<ul style="list-style-type: none">• Increase in costs for introducing new technologies	Small	Small	Small	Small
			Opportunities	<ul style="list-style-type: none">• Reduction of expenses for externally procured utilities through the introduction of new technologies• Increase in revenue due to sales of renewable energy	Small	Medium	Small	Small
	Market	Changes in tenant behavior	Risks	<ul style="list-style-type: none">• Decline in rent levels due to lower demand for properties with poor environmental performance	Medium	Large	Medium	Medium
			Opportunities	<ul style="list-style-type: none">• Improvement in rent levels due to increased demand for properties with high environmental performance	Medium	Medium	Small	Medium
		Changes in investor and lender behaviors	Risks	<ul style="list-style-type: none">• Increase in financing costs due to a declining reputation for ESG initiatives	Small	Large	Small	Small
			Opportunities	<ul style="list-style-type: none">• Decrease in financing costs due to an improving reputation for ESG initiatives	Small	Medium	Small	Small
	Reputation	Change in reputation from the local community	Risks	<ul style="list-style-type: none">• Compensation for damages caused by damage to the local brand• Compensation for damages caused by the suspension of operations associated with a deterioration in the property image	Large	Large	Small	Small
			Opportunities	<ul style="list-style-type: none">• Rising rent levels due to an increased advantage in securing employment as a result of an improved property image	Medium	Large	Medium	Medium
Physical risks	Acute	Increase in property damage due to natural disasters	Risks	<ul style="list-style-type: none">• Increase in repair expenses and insurance premiums, etc.• Loss of sales opportunities due to property damage	Medium	Medium	Medium	Large
		Damage to third parties due to property damage caused by natural disasters	Risks	<ul style="list-style-type: none">• Occurrence of claims for damages	Small	Medium	Large	Large
	Chronic	Higher average temperatures and an increase in extreme climate such as extremely hot and cold days	Risks	<ul style="list-style-type: none">• Increase in utilities and repair expenses, etc. due to the increased use of air conditioning	Small	Small	Small	Medium

Strategy (4) Measures to Address Climate-related Risks

Measures to address climate-related risks

Transition risks and opportunities

- Selection and acquisition of properties that meet energy saving standards
- Expansion of photovoltaic power generation
- Reduction in external electricity consumption through the installation of storage batteries
- Purchase of emission credits and non-fossil certificates, etc.
- Promotion of including of Green Lease Clauses
- Understanding of needs and expectations regarding ESG
- Acquisition of green building certifications
- Promotion of green finance
- Building of relationships with local communities
- Appealing of ESG initiatives to tenant employees



Physical risks

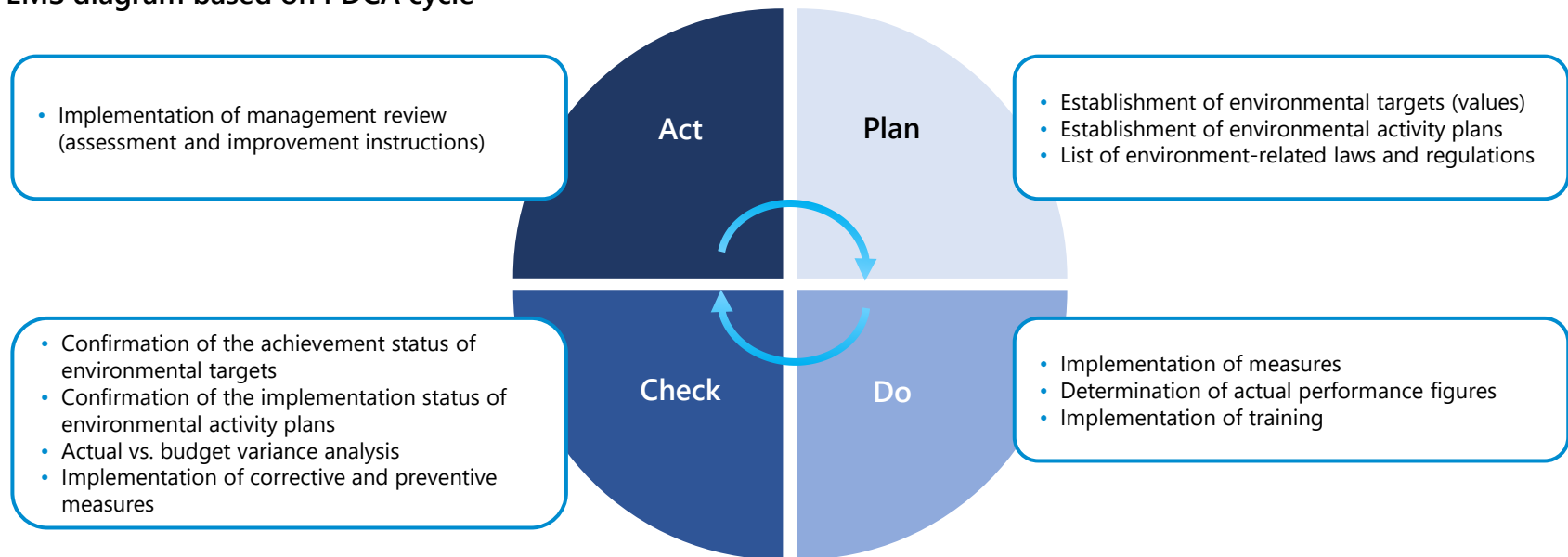
- Selection and acquisition of properties with low disaster risk
- Periodic review of disaster response manuals and thorough familiarization through drills
- Purchase and periodic review of appropriate insurance coverage
- Reduction of utilities expenses by installing high-efficiency air conditioning

Risk Management

Risk management system

- The Asset Manager has established framework to continuously and methodically promote initiatives for sustainability and ESG issues including the response to climate change. At the Sustainability Promotion Committee, which is held at least once every three months, in principle, the Asset Manager evaluates and manages overall sustainability-related risks, including climate-related risks, and manages progress against various targets and response measures.
- The Asset Manager has also established individual bylaws concerning important environmental issues to provide for practical measures to mitigate environmental burden.
- In addition, the Bylaws for EMS Operations provide for system and processes to implement the "Sustainability Policies" and other rules and detailed regulations on sustainability promotion. Through the Sustainability Promotion Committee, which includes the Representative Director and President as a member, the Asset Manager is working to deepen each measure, etc.

EMS diagram based on PDCA cycle



Metrics and Targets

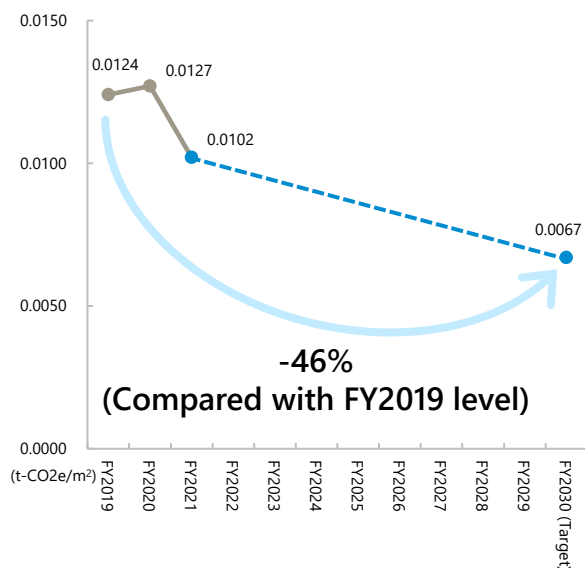
Target setting and performance monitoring

- To manage and monitor risks and opportunities, the Asset Manager has set the following new targets, etc. and monitors performance.

Greenhouse gas emissions

The Asset Manager will reduce annual emissions intensity related to energy consumption of CRE REIT's portfolio (market basis) (t-CO₂e/m²) by 46% from the fiscal year 2019 level by fiscal year 2030.

Greenhouse gas emissions (intensity)



Coverage rate for environment-related data

The target of CRE REIT's portfolio coverage rate for energy consumption, renewable energy production, annual greenhouse gas emissions and water consumption is 100% continuously until the fiscal year 2027.

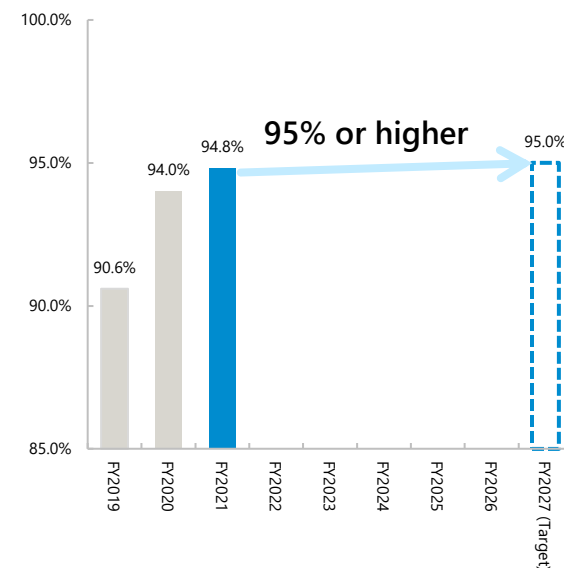
Coverage rate for environment-related data

	FY2021 coverage rate results	Coverage rate targets
Energy consumption (based on floor area)	100%	100%
Renewable energy production	100%	100%
Greenhouse gas emissions (based on floor area)	100%	100%
Water consumption (based on floor area)	100%	100%

Percentage of green building certifications acquired

The Asset Manager will increase green building eligibility criteria (Note 2) properties to at least 95% of CRE REIT's portfolio (based on total floor area) by fiscal year 2027.

Percentage of green building certifications achieved (based on total floor area)



Note 1: Fiscal year is April 1 until March 31. For example, fiscal year 2019 is from April 1, 2019 to March 31, 2020.

Note 2: The eligibility criteria for green buildings in CRE REIT are DBJ Green Building Certification (5 Stars or 4 Stars), CASBEE Certification (S Rank or A Rank), or BELS evaluation (5 Stars or 4 Stars), and properties that have acquired or renewed, or will acquire or renew any of the relevant certifications will fall under the green buildings.



5. Characteristics of CRE Logistics REIT, Inc.

LogiSquare Sayama Hidaka

The facility has a floor weight capacity of 1.5 t/m², an effective ceiling height of 6.0 m or more on each floor, average light intensity of 300 Lux or more, and there is a total of six cargo elevators (4.1 t) connecting the third and fourth floors for two-floor operations, and every floor can support the operation of 2.5 t forklifts.

Characteristics/Advantages of CRE REIT

Characteristics

1. Portfolio focused on LogiSquare
2. Long-term, stable asset management
3. Distinct external growth strategy

High-quality portfolio

(1) Stable cash flow	Occupancy rate 98.8%	Ratio of fixed-term leases 100.0%	Ratio of fixed rent 100.0%
(2) Long-term contracts with diverse tenants	Average lease contract term 7.7 years	Average remaining lease term 4.8 years	Ratio of single-tenant facilities 53.2%
(3) Good location	Ratio of Tokyo Metropolitan and Kansai area 97.9%	Average mileage to interchange 2.5 km	Ratio of properties within 10 mins' walk of public transportation 85.6%

Advantages

The sponsor is real estate company specializing in logistics properties⁽¹⁾

(1) Leasing capability	Companies that have concluded lease contracts with CRE directly 1,165 companies	Master lease occupancy rate of logistics real estate 99.2%	Holding of private viewings, including for other listed REITs
(2) Property management (PM) capability	Managed floor area 1,599 properties 5.9 million m ²	PM entrusted by other companies ⁽²⁾ Approx.60%	Ranking for PM company focusing on logistics facilities 3rd place
(3) Development capability	<ul style="list-style-type: none"> • Requests obtained from tenants through day-to-day management and leasing activities are fully reflected in facility development. • Has been developing suitable properties for REIT since 2006 when real estate securitization first appeared in Japan. 		

Capable of flexibly acquiring properties, taking into consideration investment unit price

- Can leverage the sponsor's bridge function. Acquired three properties at the time of the IPO and one property following the first follow-on offering by leveraging the bridge function.
- In position to acquire the properties on the scale of hundreds of millions to billions of yen and quasi-co-ownership interests using free cash.
- Already secured pipeline of 12 properties with total floor area of 734 thousand m².

1: Produced by the Asset Manager based on data provided by CRE. Figures include data relating to property management of other real estate besides logistics facilities and master leases.

2: "PM entrusted by other companies" is area managed by CRE less area relating to PM contracts with CRE REIT and area relating to properties in which CRE is involved as master lessee (area managed under PM contracts with other listed logistics REITs and private funds, etc.) as a ratio of the total area managed by CRE.

High-Quality Portfolio (1) Stable Cash Flow

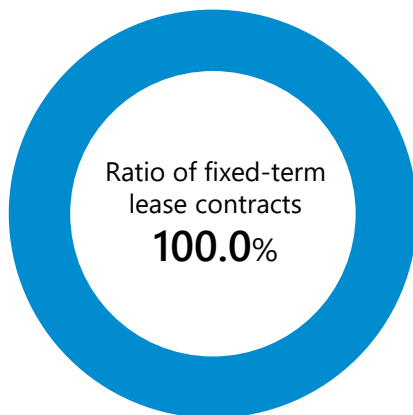
Form of contract that enables stable operation

- In many cases, tenants who cancel early before the end of the contract term are required to pay the equivalent of rent for the whole remaining lease term as a penalty for breach of contract.⁽²⁾
- Intention for renewal or termination is ascertained a year before the expiry of a contract.

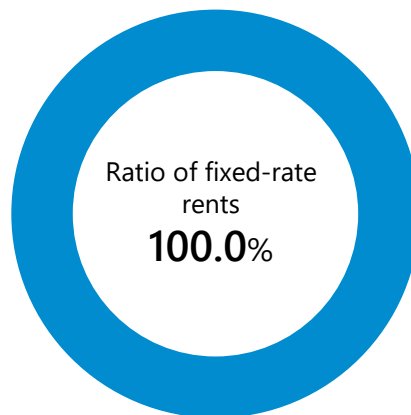
Inclusion of relatively newly built properties

- Mainly composed of newly built properties, and repair expense and capital expenditure are relatively low.

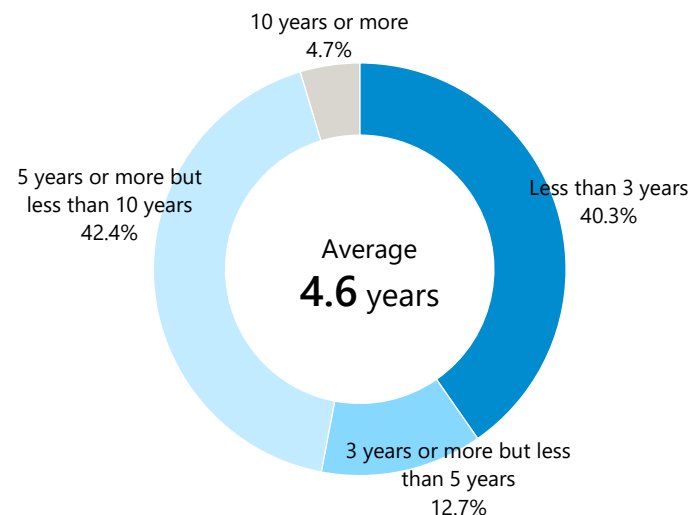
Ratio of fixed-term lease contracts



Ratio of fixed-rate rents



Property age



1. The figure is calculated based on the end of June 2022 for assets held as of August 3, 2022.

2. Depending on the amount of the penalty and other circumstances, the court may reduce the penalty in part or deny the effect of such provision.

High-Quality Portfolio (2) Long Term Lease Contracts

Contribution to the stability of portfolio based on long-term contracts that take into consideration tenant business plans.

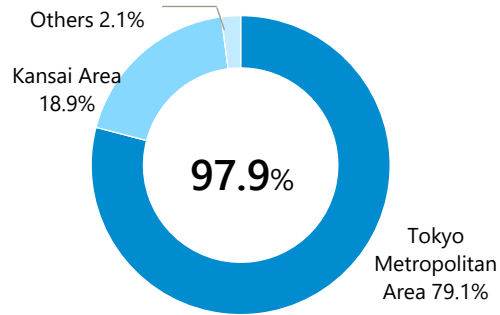


1. The figure is calculated based on the end of June 2022 for assets held as of August 3, 2022.

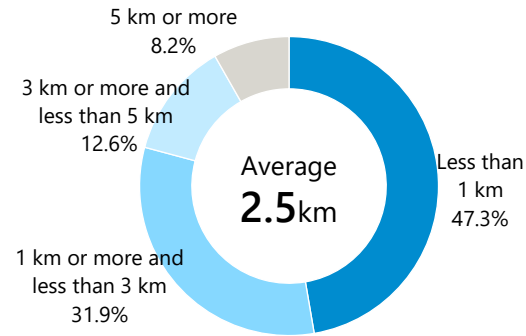
High-Quality Portfolio (3) Good Location

Properties are mostly located in a place suited for logistics where strong demand is expected, meeting tenants' needs to secure labor.

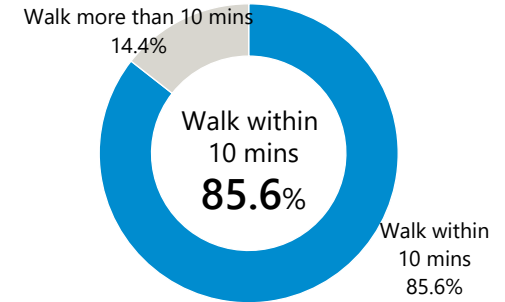
Ratio in Tokyo Metropolitan and Kansai area



Distance to an interchange



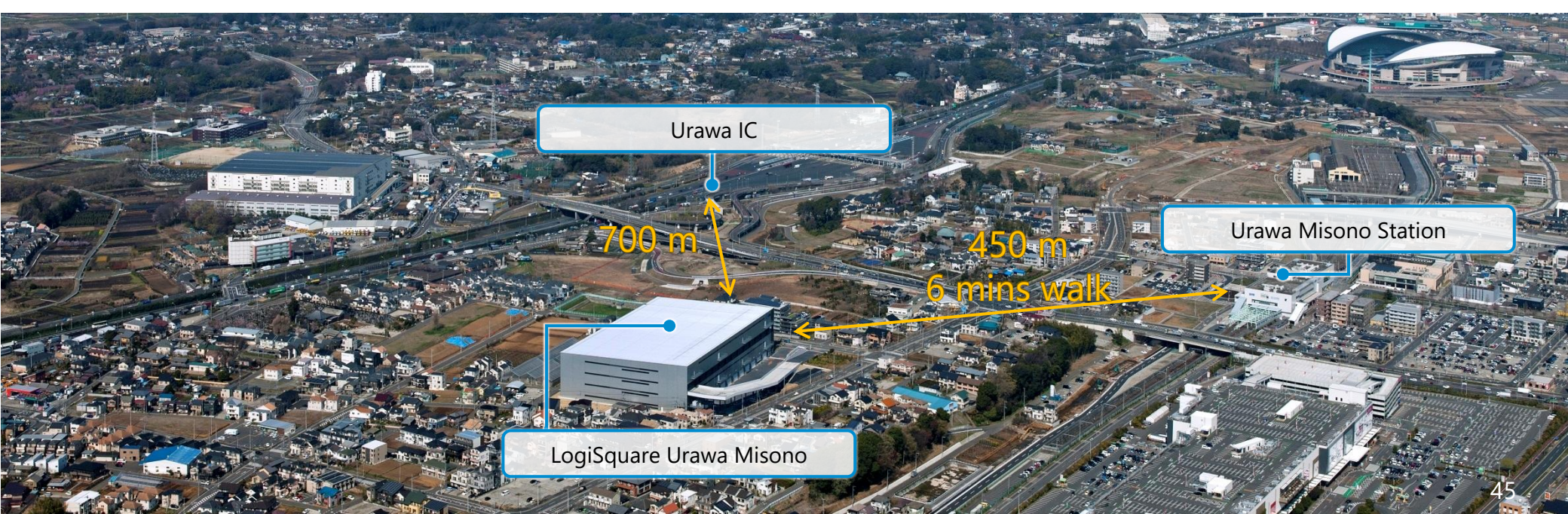
Walking distance from public transportation facilities



1. The figure is calculated based on the end of June 2022 for assets held as of August 3, 2022.

Example: LogiSquare Urawa Misono

The property is located approximately 700 m from Urawa IC (Tohoku Expressway) and approximately 450 m and a 6 minutes walk from Urawa Misono Station on the Saitama Rapid Railway Line. A large-scale community development project is underway in the surrounding area, which will become a potential advantage in securing employees because of the convenience in their commutes.



Features of LogiSquare

LogiSquare is the brand name of high-quality logistics facilities developed by CRE to meet tenant needs.

Semi-flexible pavement is used to inhibit rutting.

Sandwich panels are used on exterior walls to reduce heating and cooling loads and to give the exterior an attractive appearance.



Facility has roof spraying system that uses well water to reduce the internal temperature.

The facility has a total of 44 truck berths on the first and third floors to allow the docking of up to 44 large trucks simultaneously.



Truck berths are large enough to fit a whole 40ft container truck.



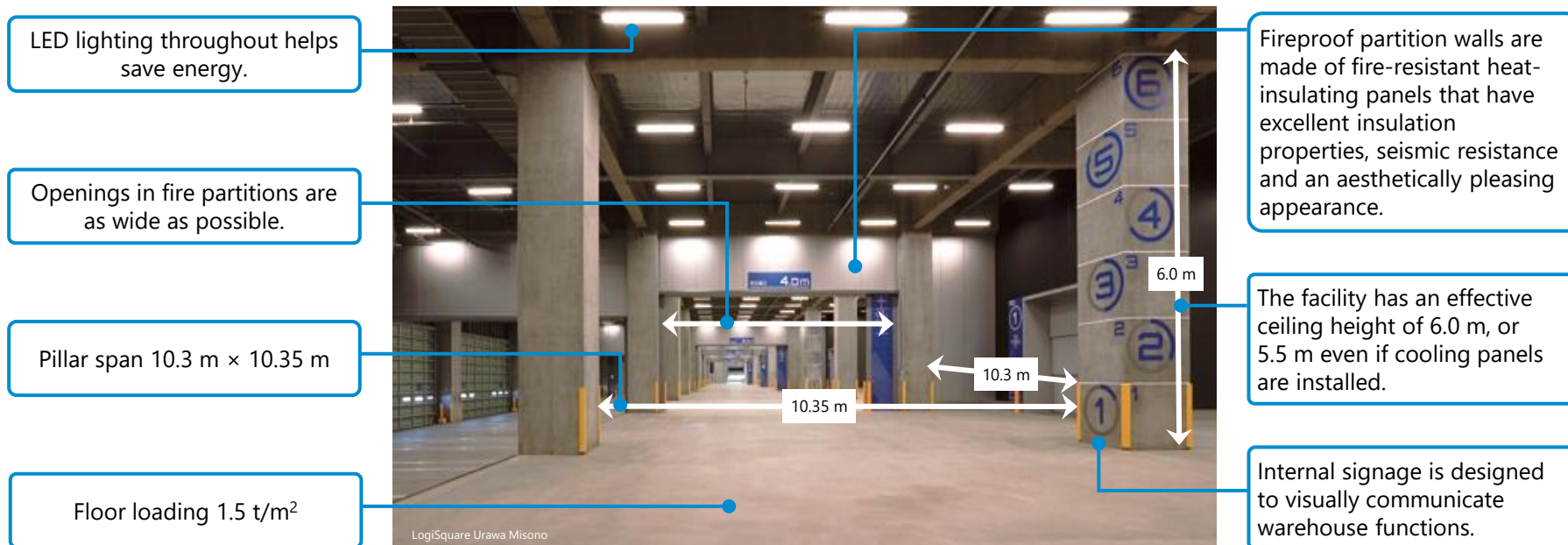
Rest area with wooden deck

The facility has truck berths on the first and third floors. To prevent congestion and accidents, the facility is designed to separate traffic flows and equipped with dedicated gates for the first/second floor tenants and the third/fourth floor tenants, respectively.

1. The logistics facility shown above is an example of the features of LogiSquare. Not all facilities held by CRE REIT have the features shown above.

Features of LogiSquare

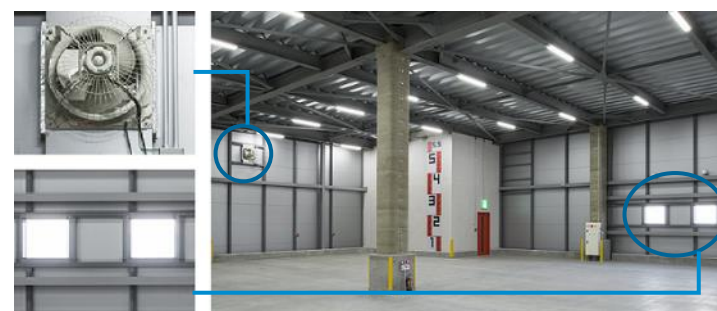
LogiSquare not only improves the efficiency of warehouse operations, creates a pleasant working environment for tenants but helps minimize costs in the future for CRE REIT.



Interior walls between offices and the warehouse space have windows in them to facilitate communication.



The women's restroom has lockers and designed to make female employees feel comfortable.

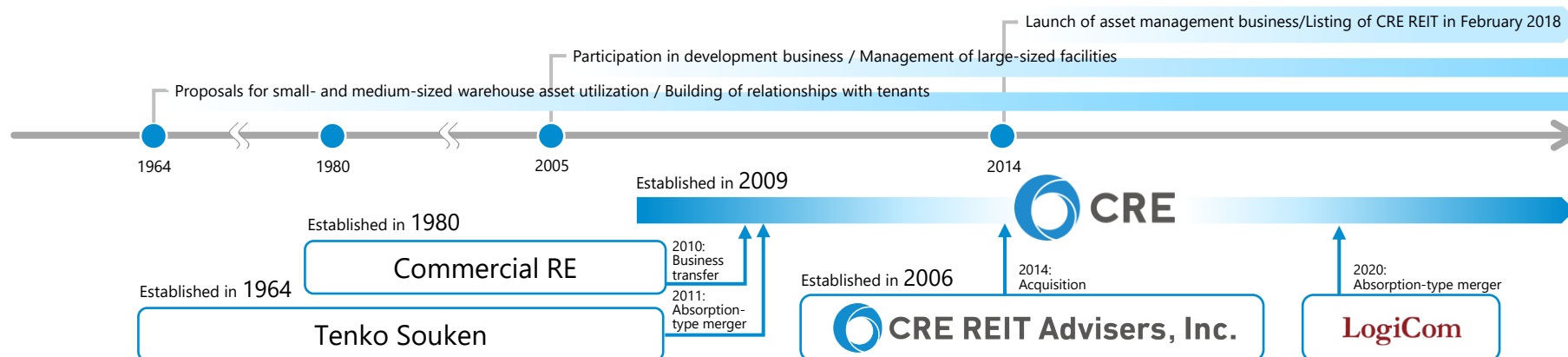


To help minimize costs in the future, the facility already has windows and ventilation built in to ensure compliance with laws and regulations in case it is necessary to expand office areas in the future.

1. The logistics facility shown above is an example of the features of LogiSquare. Not all facilities held by CRE REIT have the features shown above.

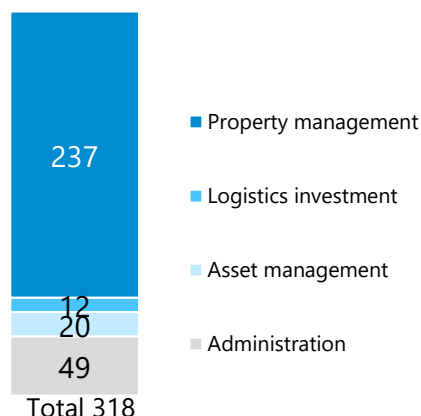
Sponsor is Real Estate Company Specializing in Logistics Properties

The sponsor has a track record of more than 50 years in the field of logistics real estate in Japan.



Involvement of all employees in logistics properties

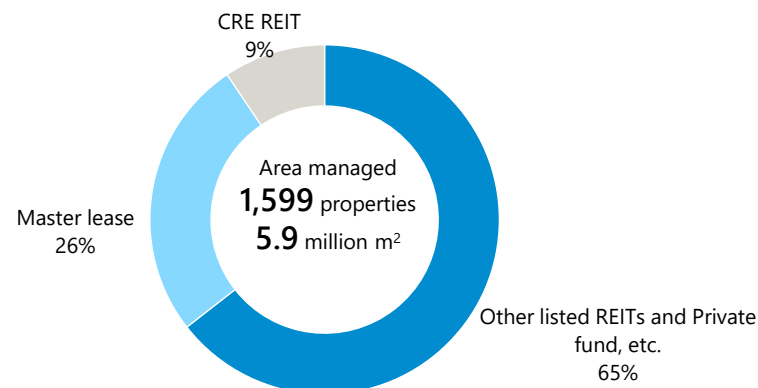
Number of employees on a consolidated basis (as of July 31, 2021)



Source: Prepared by the Asset Manager based on Annual Report for Fiscal Year ended July, 2021 of CRE, Inc.

Proven track record in providing services to other companies⁽¹⁾

CRE REIT can draw on the sponsor's knowhow gained through the management of 5.9 million m² floor area

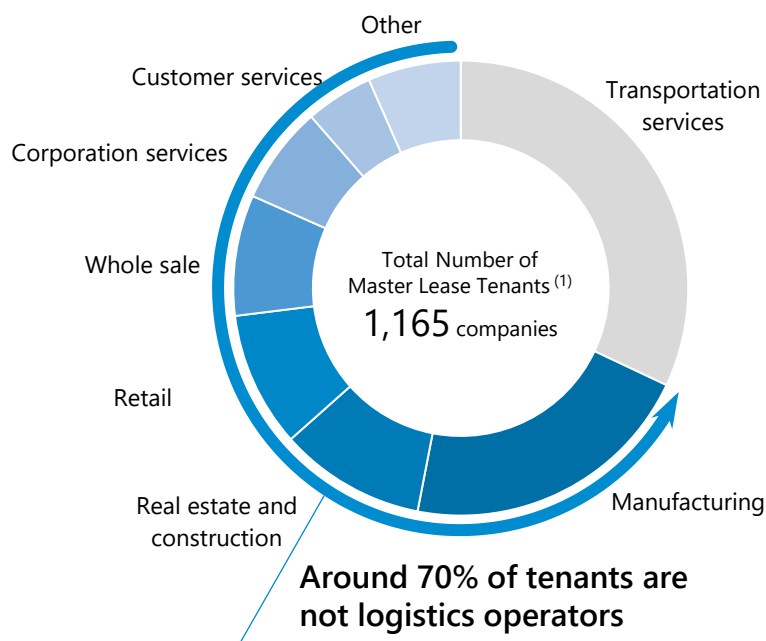


1. As of April 30, 2022. Includes results under the property managements and master lease agreements for the properties other than logistics-related facilities.

CRE's Leasing/Property Management Capability – Strength in Wide Tenant Networks

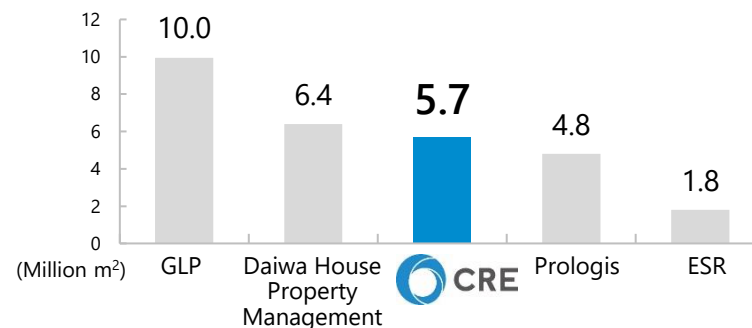
Fast grasp of rent trends, including actual rents paid and rent increases and decreases, by entering into contracts directly with a diverse range of tenants, not just logistics service providers.

- CRE can gain an understanding of rent levels by entering contracts with tenants directly under master lease arrangements
- CRE builds relationships with tenants from a variety of industries not only logistics operators.



1. As of July 31, 2021. Figures include tenants of properties other than logistics-related facilities. The classification of tenants is made by the Assets Manager based on hearing surveys at the execution of lease contracts, considering major items and industries of each tenants. Therefore, those ratios may differ from actual ratios.

Ranks Third Among Logistics Facilities-focusing PM companies⁽¹⁾



- Major Customers ⁽²⁾**
- LaSalle LOGIPORT REIT
 - Star Asia Investment Corporation
 - Kenedix Retail REIT Corporation
 - United Urban Investment Corporation
 - Japan Logistics Fund, Inc.
 - Industrial & Infrastructure Fund Investment Corporation
 - Mitsubishi Estate Logistics REIT Investment Corporation
 - Mitsubishi Jisho Investment Advisors, Inc.
 - Morgan Stanley Capital K.K
 - Mitsui & Co., Realty Management Ltd.
 - Yamato Transport Co. Ltd.
 - TLC REIT Management Inc.
- (No particular order)

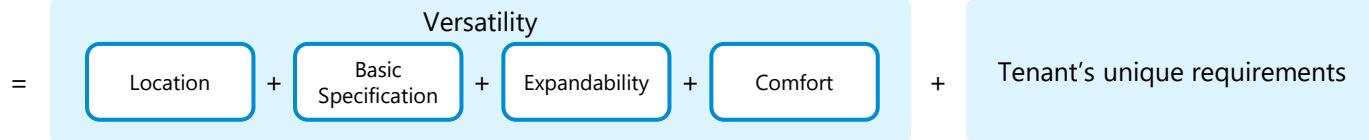
1. Prepared by the Asset Manager based on Monthly Property Management magazine (November 2021 edition). "Logistics facilities-focusing PM companies" refer to property management companies where 70% or more of their entrusted areas are the areas of logistics facilities. "Entrusted areas" include the management areas of real estate other than logistics facilities. In company names, Co., Ltd., Inc., etc. is omitted.

2. Prepared by the Asset Manager based on CRE Inc.'s Consolidated Results for First Three Quarters of Fiscal Year ending July 31, 2022.

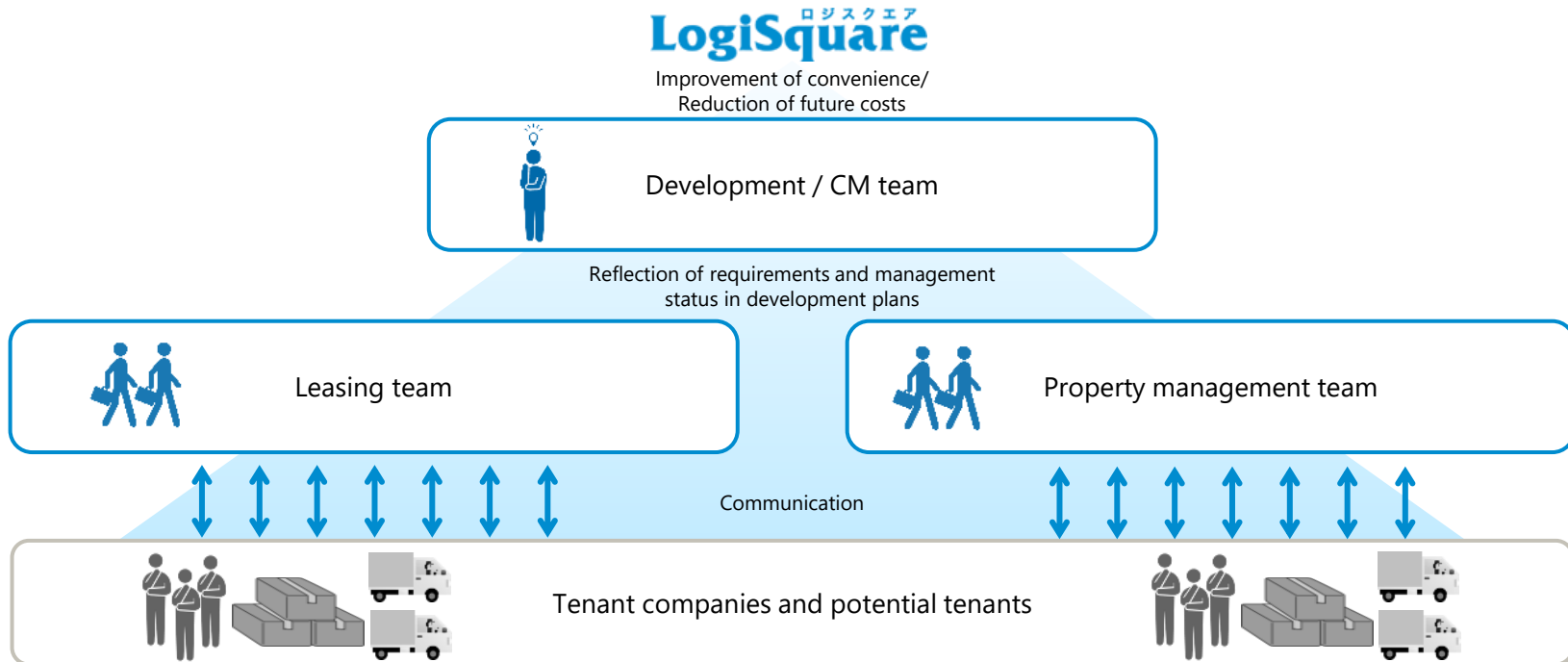
CRE's Development Capability – Development Ensuring Versatility and Incorporating Tenant Requirements

Realization of Long-term Contracts and Mitigation of Re-tenant Risk by Ensuring Versatility and Incorporating Tenant Requirements

LogiSquare ロジスクエア = High-quality logistics facilities developed by CRE to meet tenant needs



Improvement of Convenience by the Full Reflection of the Requirements Learned Through Day-to-Day Management and Leasing Activities in Development Plans



6. Market Environment



LogiSquare Kobe Nishi

The property is located in Kobe Compound Industrial Park (Kobe Techno Logistic Park). It is located approximately 1.6 km from the Kobe Nishi Interchange on the Kobe-Awaji-Naruto Expressway/Sanyo Expressway. The property is located on an industrial park and is, therefore, surrounded by numerous warehouses and factories and can be operated 24 hours a day.

Summary of Market Trends

Recent market trends

Tokyo metropolitan area

Page 54-56

Vacancy rate: 2.72% QoQ: Slightly Deteriorated (+0.20pt)

The vacancy rate remained unchanged, driven by continuously high demand.

Kansai area

Page 54 and 56

Vacancy rate: 2.13% QoQ: Slightly Deteriorated (+0.09pt)

The vacancy rate slightly increased despite the upward trend of demand.

Rising demand for rental logistics facilities

(1) Replacement demand for logistics facilities

Page 57

Around 30% of logistics facilities in the Tokyo Metropolitan Area are 40 to 50 years old.

(2) Expansion of 3PL market and EC market

Page 58

3PL Market Size

2010 2020

1.4 trillion yen → 3.3 trillion yen

2.3-fold increase
in 10 years

EC Market Size/EC Ratio

2010 2020

7.7 trillion yen → 19.2 trillion yen

2.5-fold increase
in 10 years

2.8% → 8.1%

(3) Rising importance of logistics network strategy

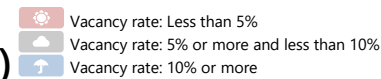
Page 59

56% of companies using logistics facilities focus on “Opening new logistic centers/ expanding locations and floor area”.

Please refer to the notes on each page from 54 to 59 page for the definition of each calculation method of each figure.

Market Trends

(1) Tokyo Metropolitan Area and Kansai Area (from LogiSquare Market Report)

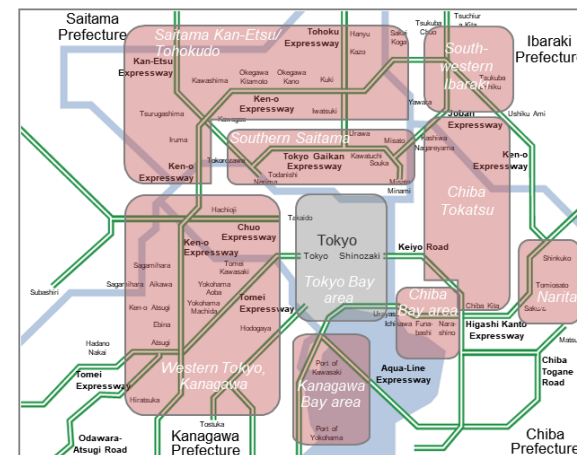
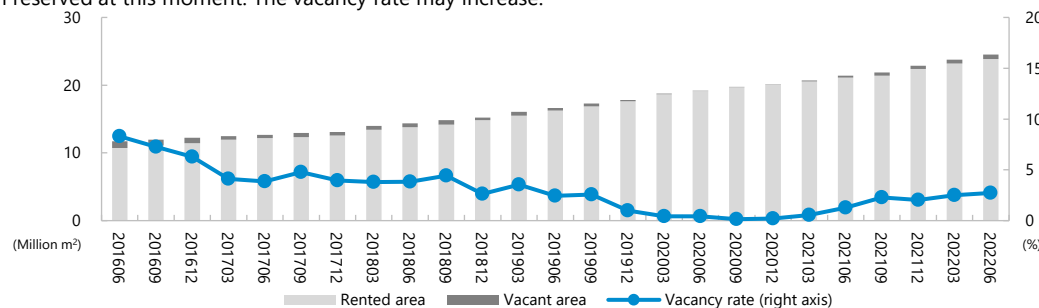


Tokyo metropolitan area

The vacancy rate remained unchanged, driven by continuously high demand.

Vacancy rate: 2.72% QoQ: Slightly Deteriorated

As presumed in the previous Q, it was 2.72%, increasing 0.20 points from the previous Q. While there is approx. 165,000 m² of new supply with approx. 661,000 m² that has yet to be absorbed, approx. 92,000 m² of existing properties was absorbed. The vacancy rate increased in Western Tokyo, Kanagawa, Southern Saitama and Chiba Tokatsu. Moreover, approx. 70% of the new supply is concentrated in the Western Tokyo, Kanagawa area and the Southern Saitama area. Although about half of new supply in the Western Tokyo, Kanagawa area has yet to be absorbed, the increase in its vacancy rate was the lowest in the three areas due to the high level of stock and continuous absorption of existing properties. On the other hand, the increase of the vacancy rate was highest in the Southern Saitama area, despite the absorption of approx. 90% of new supply, due to the low level of stock and large supply of existing properties. New supply with approx. 1,057,000 m² is scheduled for 3Q of 2022CY, of which slightly more than 30% has reportedly been reserved at this moment. The vacancy rate may increase.



Kansai area

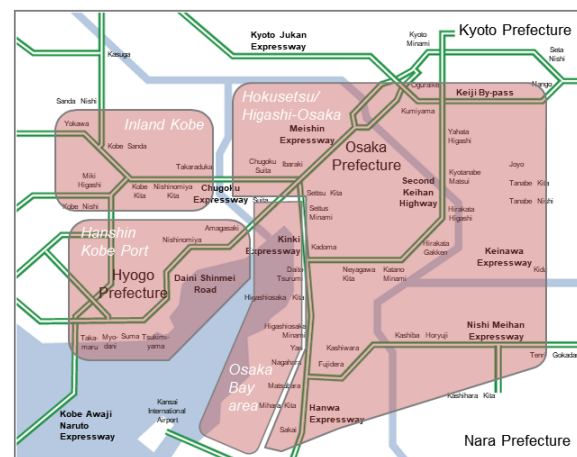
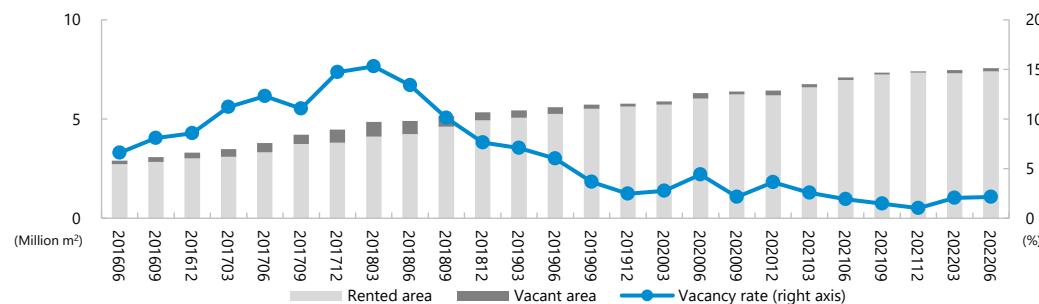
The vacancy rate slightly increased despite the upward trend of demand.

Vacancy rate: 2.13% QoQ: Slightly Deteriorated

The vacancy rate was 2.13%, increasing 0.09 points from the previous Q. Approx. 70% of new supply with approx. 92,000 m² was absorbed.

New supply with approx. 128,000 m² is scheduled for 3Q of 2022CY, of which approx. 60% has reportedly been reserved. New supply with approx. 122,000 m² is scheduled for 4Q of 2022CY, of which approx. 70% has reportedly been reserved. The vacancy rate may increase both in 3Q and 4Q depending on reservation trends.

New supply with approx. 925,000 m² is scheduled for 2023CY. The supply will exceed the new supply with approx. 892,000 m² in 2021CY. Reservation trends will be monitored from an early stage.



Market Trends

(2) Saitama Prefecture Each Area (from LogiSquare Market Report)

Southern Saitama area

Soka

Niiza

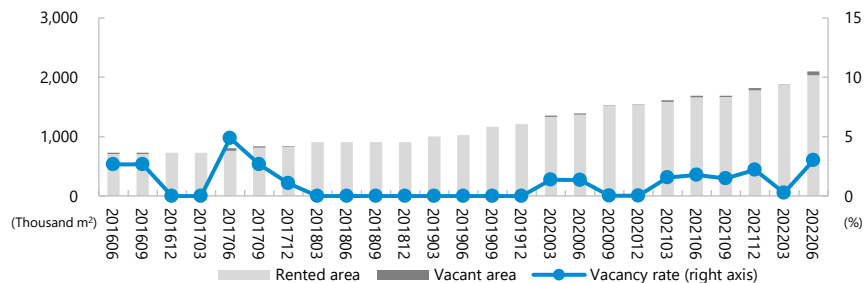
Urawa
Misono

Yashio

Miyoshi

Vacancy rate: **3.01%** QoQ: **Deteriorated**

The vacancy rate was 3.01%, increasing 2.75 points from the previous Q. Of new supply with approx. 214,000 m2, slightly more than 10% has yet to be absorbed and slightly less than 33,000 m2 of existing properties was supplied. New supply with approx. 277,000 m2 in 2022CY has all been supplied. Currently, slightly less than 10% has yet to be absorbed. As no new supply is scheduled for 3Q of 2022CY and beyond, the vacancy rate is expected to trend downwards for the time being. As new supply in 2023CY is slightly less than 33,000 m2, impact on the vacancy rate is currently expected to be extremely low.

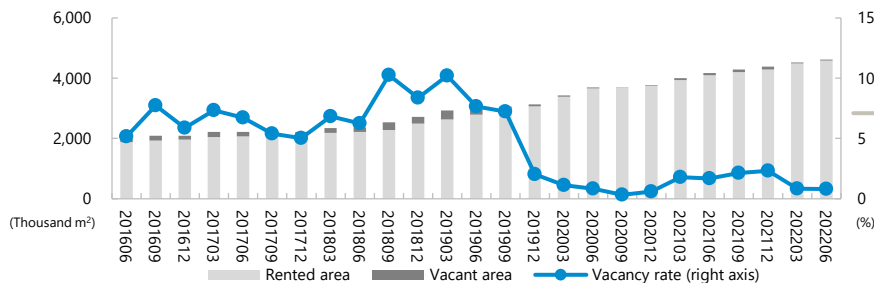


Source: Prepared by the Asset Manager based on data from "LogiSquare Market Report on Warehouses and Logistics Properties June 2022" of CRE, Inc.

Saitama Kan-Etsu/ Tohokudo area

Vacancy rate: **0.79%** QoQ: **Slightly Improved**

The vacancy rate was 0.79%, decreasing 0.05 points from the previous Q. While slightly less than 20% of the new supply with approx. 95,000 m2 has yet to be absorbed, the absorption of approx. 16,000 m2 of existing properties continued. New supplies with approx. 95,000 m2 and with approx. 436,000 m2 are scheduled for 3Q and 4Q of 2022CY respectively. Currently leasing of approx. 80% of new supply in 3Q is reportedly not in progress, and the vacancy rate may increase. The trend of new supply in 3Q of 2022CY will be monitored.



Breakdown: Saitama Kan-Etsu/ Tohokudo area

Saitama Kan-Etsudo area

Mizuho B

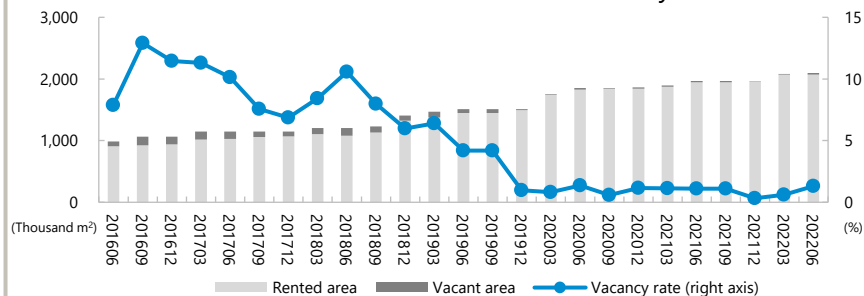
Kawagoe

Mizuho A

Kawagoe II

Sayama
Hidaka

Vacancy rate: **1.32%**



Source: Prepared by the Asset Manager based on data from CRE, Inc.

Saitama Tohokudo area

Kuki II

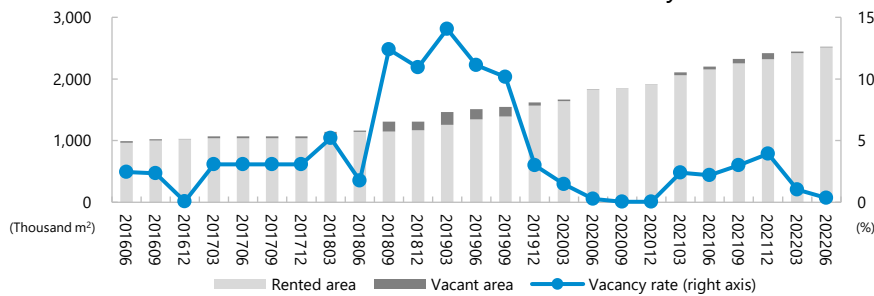
Kuki

Hanyu

Kasukabe

Ageo

Vacancy rate: **0.36%**



Market Trends

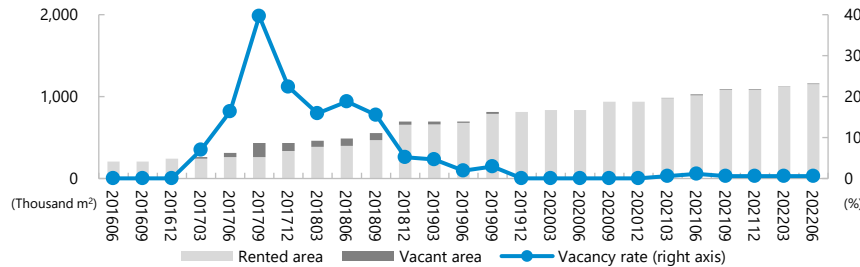
(3) Other Each Area (from LogiSquare Market Report)

Southwestern Ibaraki area

Moriya

Vacancy rate: **0.54%** QoQ: **Slightly Improved**

The vacancy rate was 0.54%, decreasing 0.02 points from the previous Q. The deterioration of the vacancy rate, which was a concern in the previous Q, was avoided. New supplies with approx. 33,000 m² were absorbed. There was no change in existing properties. Although the stock itself is not yet large, the market for large warehouses for leasing has been matured. New supplies with approx. 727,000 m² are scheduled for 2023CY. The reservation trends of this large supply exceeding 60% of stock will be monitored from an early stage.



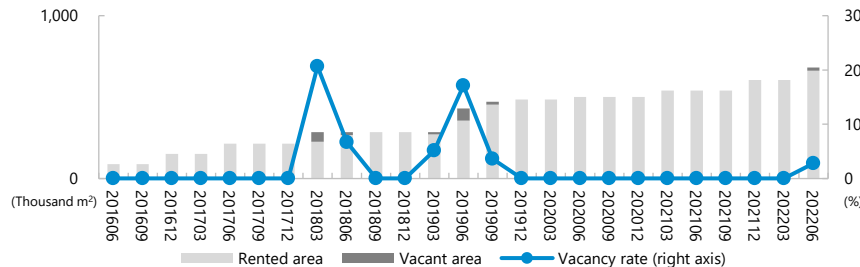
Inland Kobe area

Kobe Nishi

Vacancy rate: **2.79%** QoQ: **Deteriorated**

The vacancy rate was 2.79%, increasing 2.79 points from the previous Q. Of new supply with approx. 76,000 m², approx. 30% has yet to be absorbed. As presumed in the previous Q, the vacancy rate increased.

The vacancy rate is not likely to increase significantly for the time being since there is no new supply in 3Q of 2022CY. However, it depends on the trends of existing properties.



Tosu area

Tosu

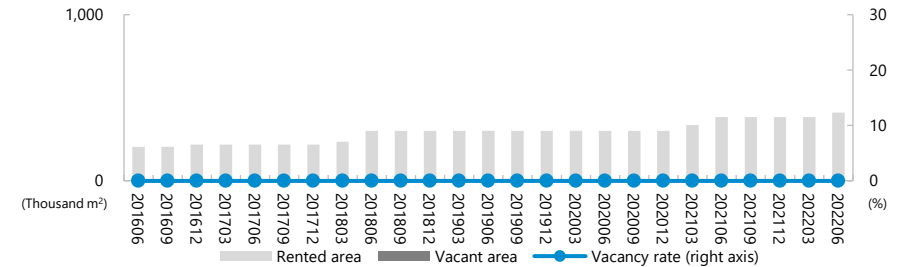
Vacancy rate: **0.00%** QoQ: **Flat**

The vacancy rate was 0.00%, remaining at an extremely low level.

New supply with approx. 26,000 m² was all absorbed.

No new supply is scheduled for 2Q of 2022CY and beyond.

As the vacancy rate has remained at an extremely low level since 2016CY when the survey started, no significant increase is likely to occur in the vacancy rate, even though it depends on the trends of existing properties.

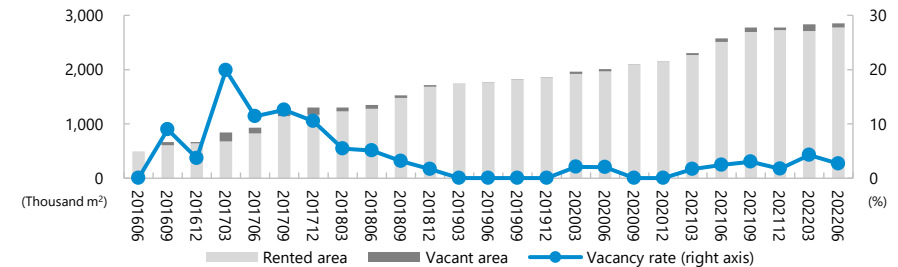


Hokusetsu Higashi-Osaka area

Osaka
Katano

Vacancy rate: **2.70%** QoQ: **Improved**

The vacancy rate was 2.70%, decreasing 1.69 points from the previous Q. New supply with approx. 16,000 m² was all absorbed and approx. 42,000 m² of existing properties was absorbed. New supply with approx. 128,000 m² is scheduled for 3Q of 2022CY, of which approx. 60% was reportedly reserved. The absorption of existing properties has been in progress and trending upward. However, the reservation trend will be monitored.

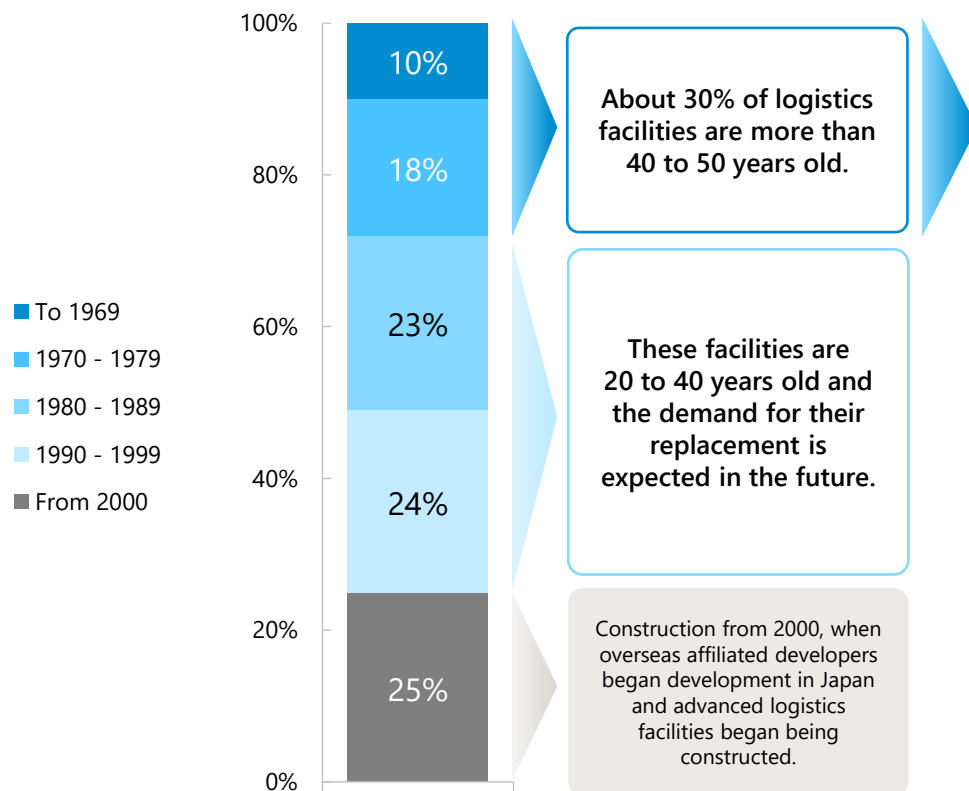


Rising Demand for Rental Logistics Facilities

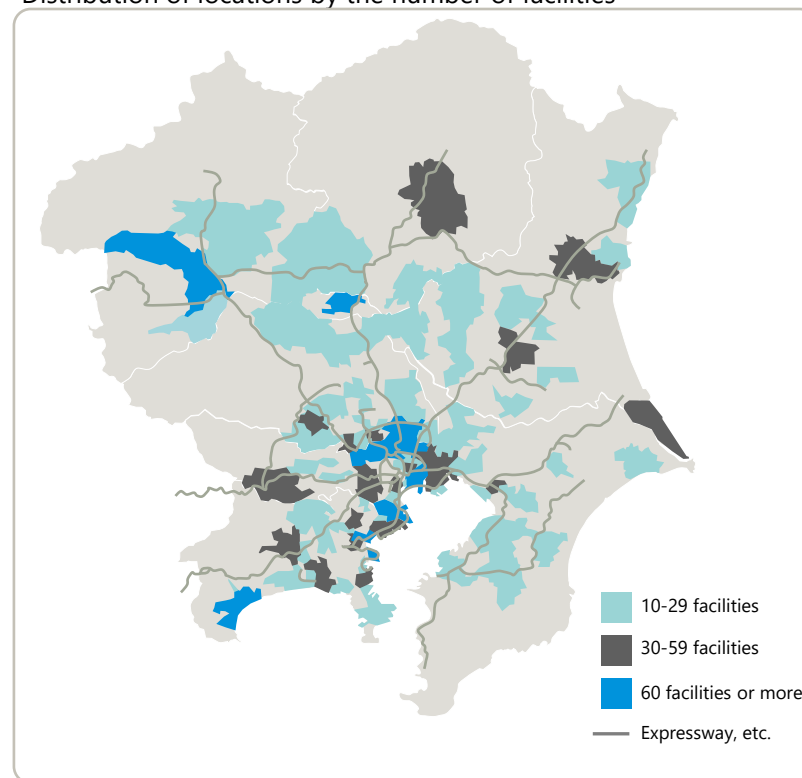
(1) Replacement Demand for Logistics Facilities

- About 30% of logistics facilities in the Tokyo Metropolitan Area⁽¹⁾ were constructed during the period of high economic growth or the economic bubble, and they are 40 to 50 years old.
- Given that the useful life of logistics facilities under the tax code is 38 years⁽²⁾, demand for replacement in pursuit of functionality appears to be increasing.

Percentage of logistics facilities in the Tokyo Metropolitan Area by year of construction



Distribution of locations by the number of facilities



Source: Prepared by the Asset Manager based on data from Tokyo Metropolitan Transportation Planning Association

1. Tokyo Metropolitan Area includes Tokyo, Kanagawa, Saitama, Chiba, central and southern Ibaraki, southern Tochigi and southern Gunma

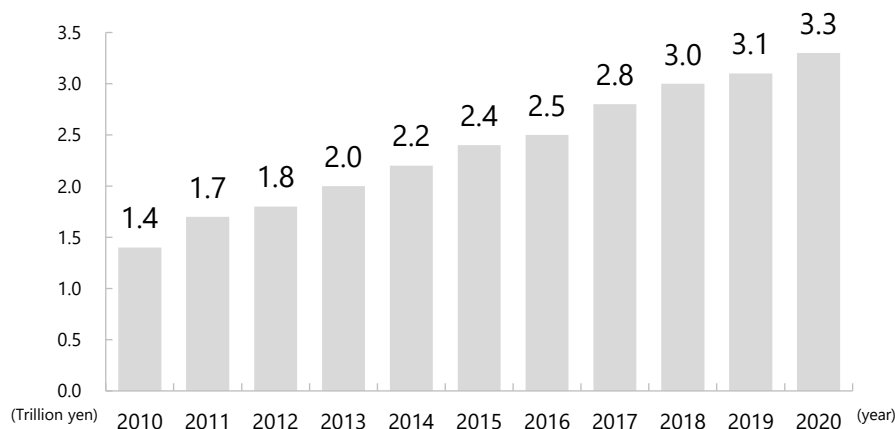
2. Steel-reinforced concrete or reinforced concrete structures

Rising Demand for Rental Logistics Facilities

(2) Expansion of 3PL Market and EC Market

- The market for third-party logistics (3PL) is growing as companies are increasingly outsourcing their logistic operation comprehensively.

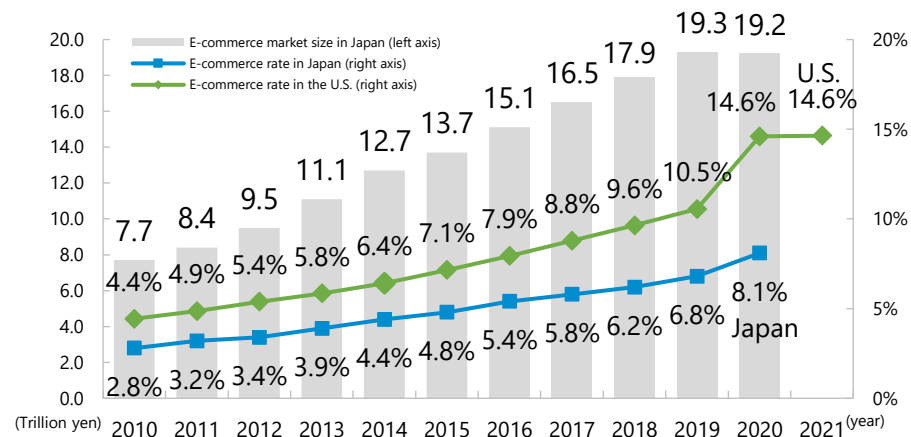
3PL (Third-Party Logistics) Market Size



Source: "The monthly Logistics Business" September 2021 issued by Rhinos Publications, Inc

- The EC market is expanding year by year. Furthermore, in Japan, the EC rate is low compared with the U.S. and there is still much room for expansion.

Growth in the BtoC e-commerce market size in Japan

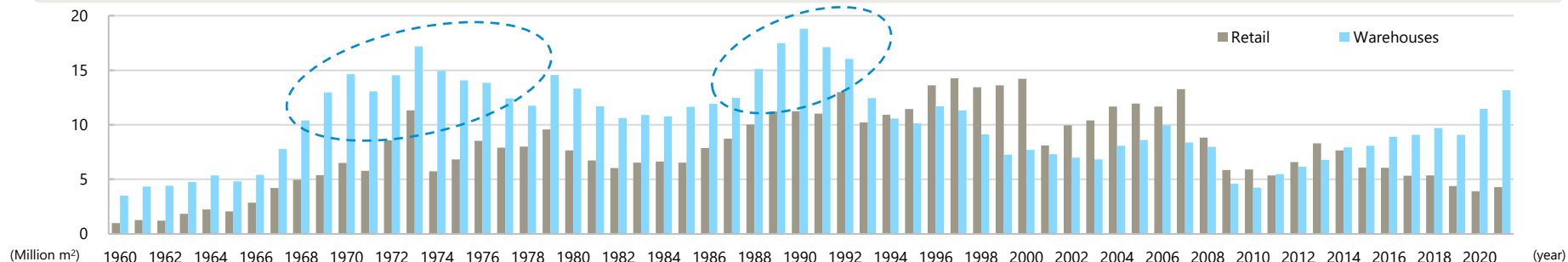


Source: Prepared by the Asset Manager based on data of the Ministry of Economy, Trade and Industry for the BtoC e-commerce market size and the e-commerce rate in Japan and data of the United States Census Bureau for the e-commerce rate in the U.S.

- The ratio of the e-commerce market size to the amount of all commercial transactions (the commercial transaction market size). The e-commerce rate in BtoC e-commerce refers to the value in the field of product sales.

- In recent years, the floor space of properties where construction commenced has been around half the peak level and there has been a shortage of logistics facilities to meet current logistics needs.

Trends in Floor Space of Properties Where Construction Commenced



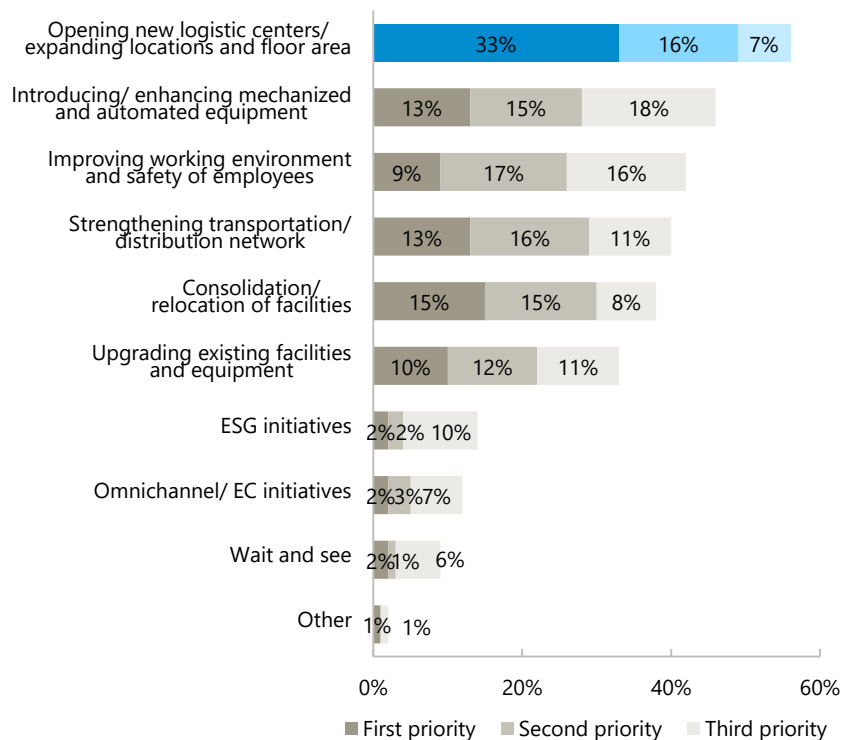
Source: Prepared by the Asset Manager based on the Japan Construction Starts Report by the Ministry of Land, Infrastructure, Transport and Tourism and the Statistical Yearbook of Construction by the Ministry of Construction

Rising Demand for Rental Logistics Facilities

(3) Rising Importance of Logistics Network Strategy

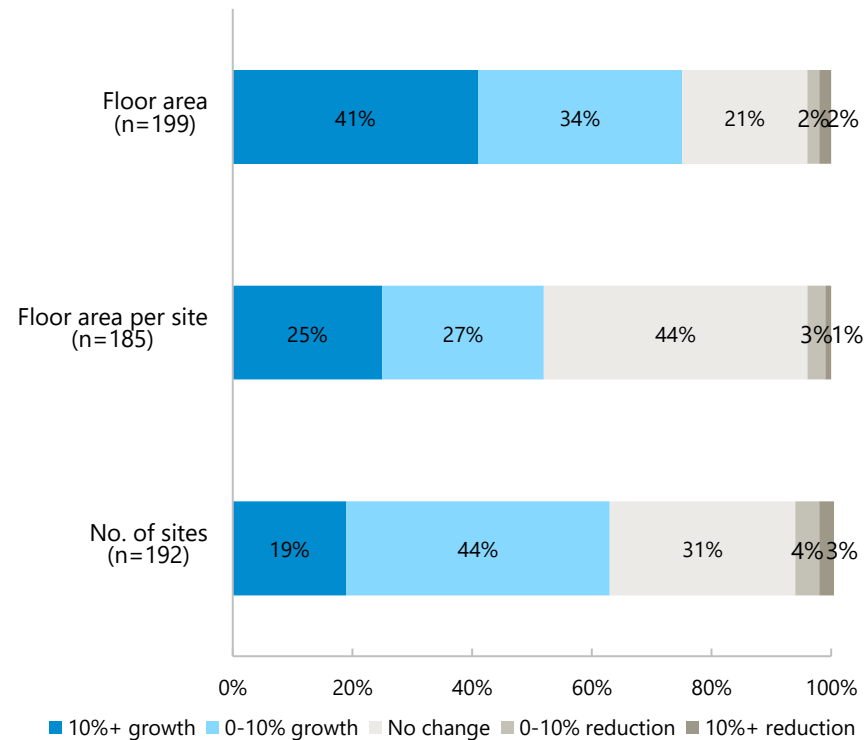
- 56% of companies using logistics facilities focus on “Opening new logistic centers/ expanding locations and floor area”.
- 75% of the companies responded that they plan to expand their total floor area.

Priority measures for next three years



Number of responses: 195
 Survey period: March 2, 2022 to March 15, 2022
 Survey targets: Companies in Japan that use logistics facilities (owned or leased)
 Source: Prepared by the Asset Manager based JAPAN 2022 LOGISTICS OCCUPIER SURVEY from CBRE, INC.

Logistics network plans for the next three years



Survey period: March 2, 2022 to March 15, 2022
 Survey targets: Companies in Japan that use logistics facilities (owned or leased)
 Source: Prepared by the Asset Manager based JAPAN 2022 LOGISTICS OCCUPIER SURVEY from CBRE, INC.



7. Appendix

LogiSquare Moriya
The property is located in the Moriya-shi Matsunami land rezoning project area, within walking distance of Moriya Station on the Tsukuba Express Line and has great advantages in terms of securing employees.

Portfolio Centered on Metropolitan Areas

Locations of current assets and pipeline assets



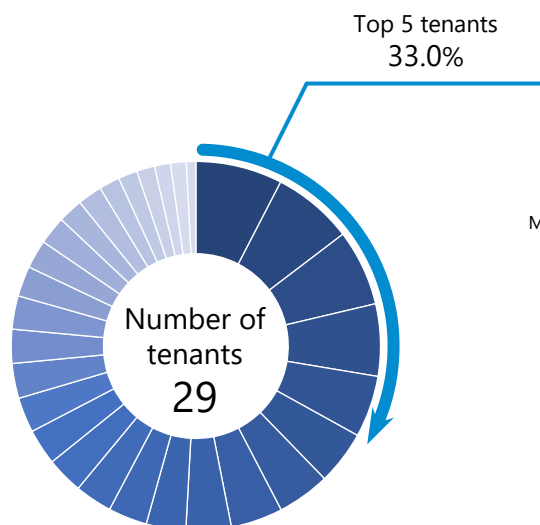
Portfolio List

No.	Property name	Location	Acquisition price (million yen)	Appraisal value (million yen)	Appraisal NOI yield (%)	Total floor area (㎡)	Age (years)	Number of tenants	Occupancy ratio(%)	Developer
M-1	LogiSquare Kuki	Kuki-shi, Saitama	9,759	11,300	4.8	40,907.13	6.1	1	100.0	CRE
M-2	LogiSquare Hanyu	Hanyu-shi, Saitama	6,830	7,440	5.0	33,999.61	6.0	1	100.0	CRE
M-3	LogiSquare Kuki II	Kuki-shi, Saitama	2,079	2,400	5.2	11,511.22	5.4	1	100.0	CRE
M-4	LogiSquare Urawa Misono	Saitama-shi, Saitama	13,060	15,300	4.8	48,738.29	5.3	3	100.0	CRE
M-5	LogiSquare Niiza	Niiza-shi, Saitama	6,960	7,890	4.9	25,355.82	5.3	1	100.0	CRE
M-6	LogiSquare Moriya	Moriya-shi, Ibaraki	6,157	7,700	5.6	32,904.90	5.2	2	100.0	CRE
M-7	LogiSquare Kawagoe	Kawagoe-shi, Saitama	1,490	1,730	5.1	7,542.56	4.4	1	100.0	CRE
M-8	LogiSquare Kasukabe	Kasukabe-shi, Saitama	4,900	5,760	5.1	21,315.54	4.1	1	100.0	CRE
M-9	LogiSquare Soka	Soka-shi, Saitama	8,109	9,370	4.6	28,817.59	9.0	1	100.0	CRE
M-10	LogiSquare Yashio	Yashio-shi, Saitama	5,073	5,790	4.6	19,068.60	8.4	1	100.0	CRE
M-11	LogiSquare Mizuho A	Mizuho-machi, Tokyo	2,794	3,170	4.9	13,755.16	15.4	1	100.0	CRE
M-12	LogiSquare Mizuho B	Mizuho-machi, Tokyo	3,584	4,010	4.8	16,016.37	15.4	1	100.0	CRE
M-13	LogiSquare Ageo	Ageo-shi, Saitama	4,908	5,420	4.6	19,142.84	3.2	2	100.0	CRE
M-14	LogiSquare Miyoshi	Miyoshi-machi, Saitama	11,700	13,400	4.6	37,931.49	2.1	1	100.0	CRE
M-15	LogiSquare Sayama Hidaka	Hanno-shi, Saitama	⁽¹⁾ 17,678	19,300	4.4	73,728.44	2.1	3	91.0	CRE
M-16	LogiSquare Kawagoe II	Kawagoe-shi, Saitama	3,244	3,530	4.8	14,281.38	3.0	1	100.0	CRE
O-1	LogiSquare Tosu	Tosu-shi, Saga	2,823	3,420	5.3	16,739.40	4.4	1	100.0	CRE
O-3	LogiSquare Kobe Nishi	Kobe-shi, Hyogo	3,479	3,670	4.6	16,006.20	2.2	1	100.0	CRE
O-4	LogiSquare Osaka Katano	Katano-shi, Osaka	22,370	23,700	4.4	76,393.17	1.5	5	100.0	CRE
19 properties Total/Average			136,998	154,300	4.7	554,155.71	4.6	29	98.8	—

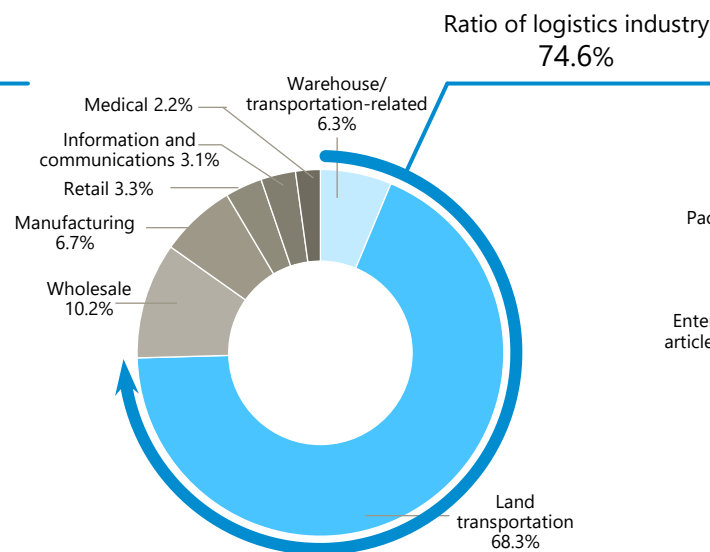
1. The figure is the sum of the 80% quasi co-ownership interest acquired in January 2021 and the 20% quasi co-ownership interest acquired in July 2022.

Portfolio Diversification

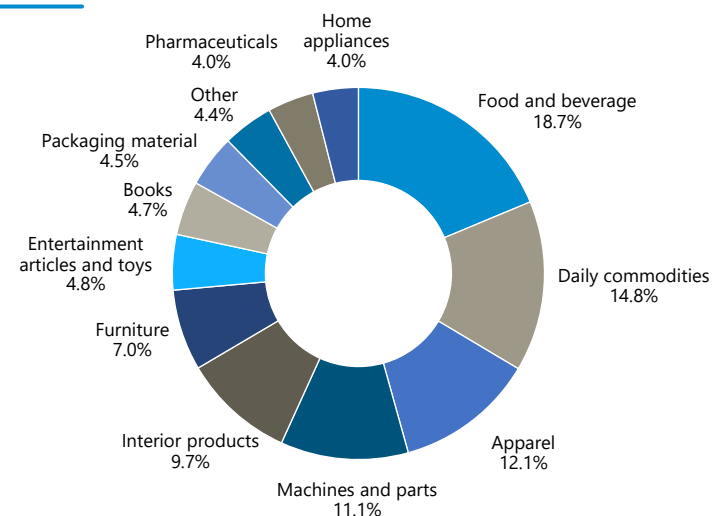
Diversification of tenants



Tenant industries



Products handled by tenants ⁽²⁾



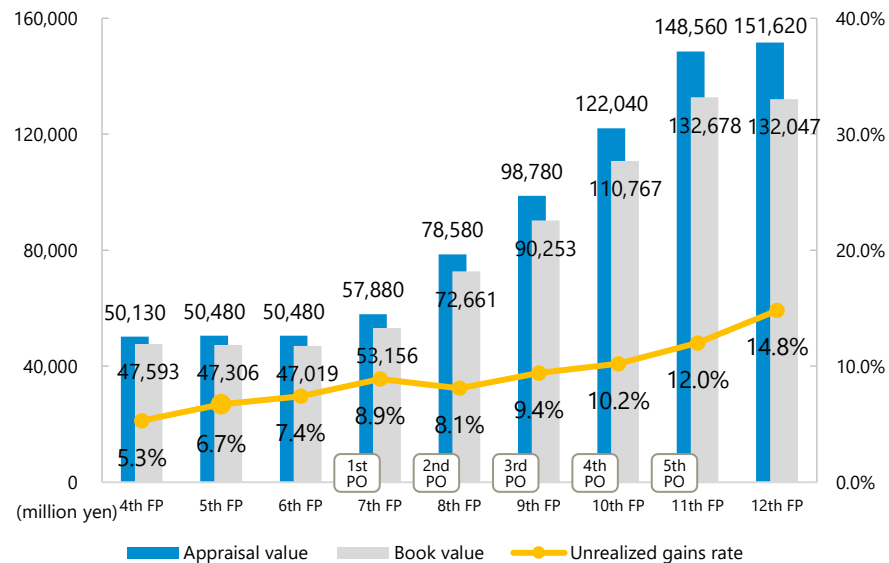
1. Based on leased area.

2. The classification in each graph is on visual contact or hearing results, and only major items are stated by Asset manager. Therefore, those ratios may differ from actual ratios.

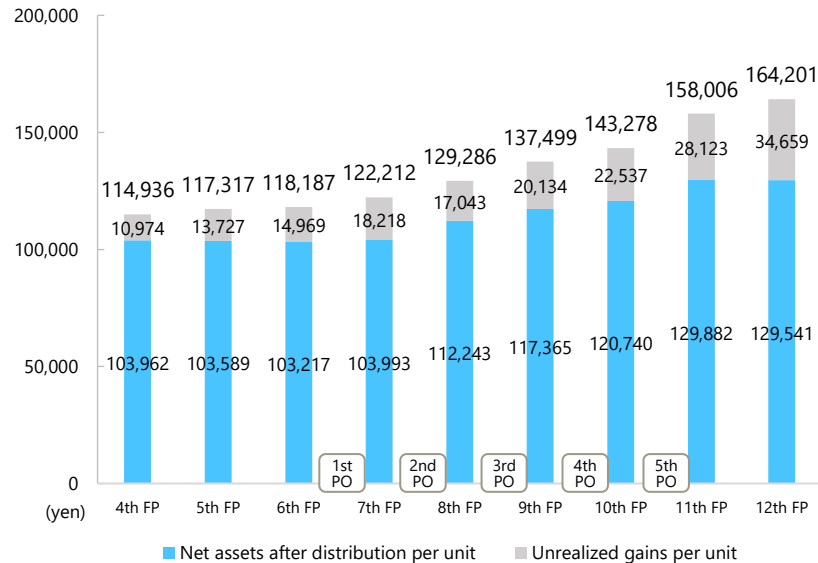
Overview of Appraisal Value

	11th FP (2021/12)	12th FP (2022/6)	Compared to 11th FP
Appraisal value	148,560 million yen	151,620 million yen	+ 3,060 million yen
Book value	132,678 million yen	132,047 million yen	- 630 million yen
Unrealized gains	15,881 million yen	19,572 million yen	+ 3,690 million yen
Unrealized gains rate	12.0 %	14.8 %	+ 2.9 %
NAV per unit	158,006 yen	164,201 yen	+ 6,195 yen

Appraisal value / Unrealized gains rate



NAV per unit



Overview of Appraisal Value

No.	Property name	Acquisition month and year	Acquisition price (million yen)	Book value at the end of the 12th FP (million yen)	At the end of the 12th FP		At the end of the 11th FP		Changes		Unrealized gains (million yen)	Unrealized gains rate (%)
					Appraisal value (million yen)	Direct capitalization rate (%)	Appraisal value (million yen)	Direct capitalization rate (%)	Appraisal value (million yen)	Direct capitalization rate (%)		
M-1	LogiSquare Kuki	Jul. 2016	9,759	9,031	11,300	4.1	11,100	4.2	+ 200	- 0.1	2,268	25.1
M-2	LogiSquare Hanyu	Jul. 2016	6,830	6,316	7,440	4.5	7,280	4.6	+ 160	- 0.1	1,123	17.8
M-3	LogiSquare Kuki II	Feb. 2018	2,079	1,982	2,400	4.4	2,340	4.5	+ 60	- 0.1	417	21.1
M-4	LogiSquare Urawa Misono	Feb. 2018	13,060	12,623	15,300	4.0	14,900	4.1	+ 400	- 0.1	2,676	21.2
M-5	LogiSquare Niiza	Feb. 2018	6,960	6,700	7,890	4.3	7,710	4.4	+ 180	- 0.1	1,189	17.7
M-6	LogiSquare Moriya	Feb. 2018	6,157	5,901	7,700	4.4	7,500	4.5	+ 200	- 0.1	1,798	30.5
M-7	LogiSquare Kawagoe	Jul. 2019	1,490	1,467	1,730	4.2	1,700	4.3	+ 30	- 0.1	262	17.9
M-8	LogiSquare Kasukabe	Jul. 2019	4,900	4,811	5,760	4.1	5,620	4.2	+ 140	- 0.1	948	19.7
M-9	LogiSquare Soka	Feb. 2020	8,109	8,131	9,370	3.8	9,130	3.9	+ 240	- 0.1	1,238	15.2
M-10	LogiSquare Yashio	Feb. 2020	5,073	5,095	5,790	3.8	5,650	3.9	+ 140	- 0.1	694	13.6
M-11	LogiSquare Mizuho A	Feb. 2020	2,794	2,824	3,170	4.1	3,170	4.1	—	—	345	12.2
M-12	LogiSquare Mizuho B	Feb. 2020	3,584	3,600	4,010	4.1	4,010	4.1	—	—	409	11.4
M-13	LogiSquare Ageo	Jul. 2020	4,908	4,873	5,420	4.1	5,280	4.2	+ 140	- 0.1	546	11.2
M-14	LogiSquare Miyoshi	Jul. 2020	11,700	11,556	13,400	4.0	13,000	4.1	+ 400	- 0.1	1,843	15.9
M-15	LogiSquare Sayama Hidaka (80%)	Jan. 2021	14,066	14,025	15,000	3.9	14,800	4.0	+ 200	- 0.1	974	6.9
M-16	LogiSquare Kawagoe II	Jan. 2021	3,244	3,240	3,530	4.2	3,440	4.3	+ 90	- 0.1	289	8.9
O-1	LogiSquare Tosu	Apr. 2018	2,823	2,696	3,420	4.3	3,340	4.4	+ 80	- 0.1	723	26.8
O-2	LogiSquare Chitose	Jul. 2020	1,300	1,293	1,620	5.1	1,590	5.2	+ 30	- 0.1	326	25.3
O-3	LogiSquare Kobe Nishi	Jan. 2021	3,479	3,484	3,670	4.3	3,700	4.3	- 30	—	185	5.3
O-4	LogiSquare Osaka Katano	Sep. 2021	22,370	22,389	23,700	4.1	23,300	4.2	+ 400	- 0.1	1,310	5.9
End of 12th FP Total / Average		—	134,686	132,047	151,620	—	148,560	—	+ 3,060	—	19,572	14.8
For Reference: After Acquisition and Sale (as of August 3, 2022)												
M-15	LogiSquare Sayama Hidaka (20%)	Jul. 2022	3,612	—	3,900	3.8	—	—	—	—	288	8.0
O-2	LogiSquare Chitose	—	- 1,300	- 1,293	- 1,620	—	—	—	—	—	- 326	—
After Acquisition and Sale Total /Average		—	136,998	—	(1) 154,300	—	—	—	—	—	(1) 19,933	(1) 14.8

1. The figure is calculated using the appraisal value of 19,300 million yen for LogiSquare Sayama Hidaka, which is based on the assumption that all of the quasi-co-ownership interest has been acquired.

Status of Investors

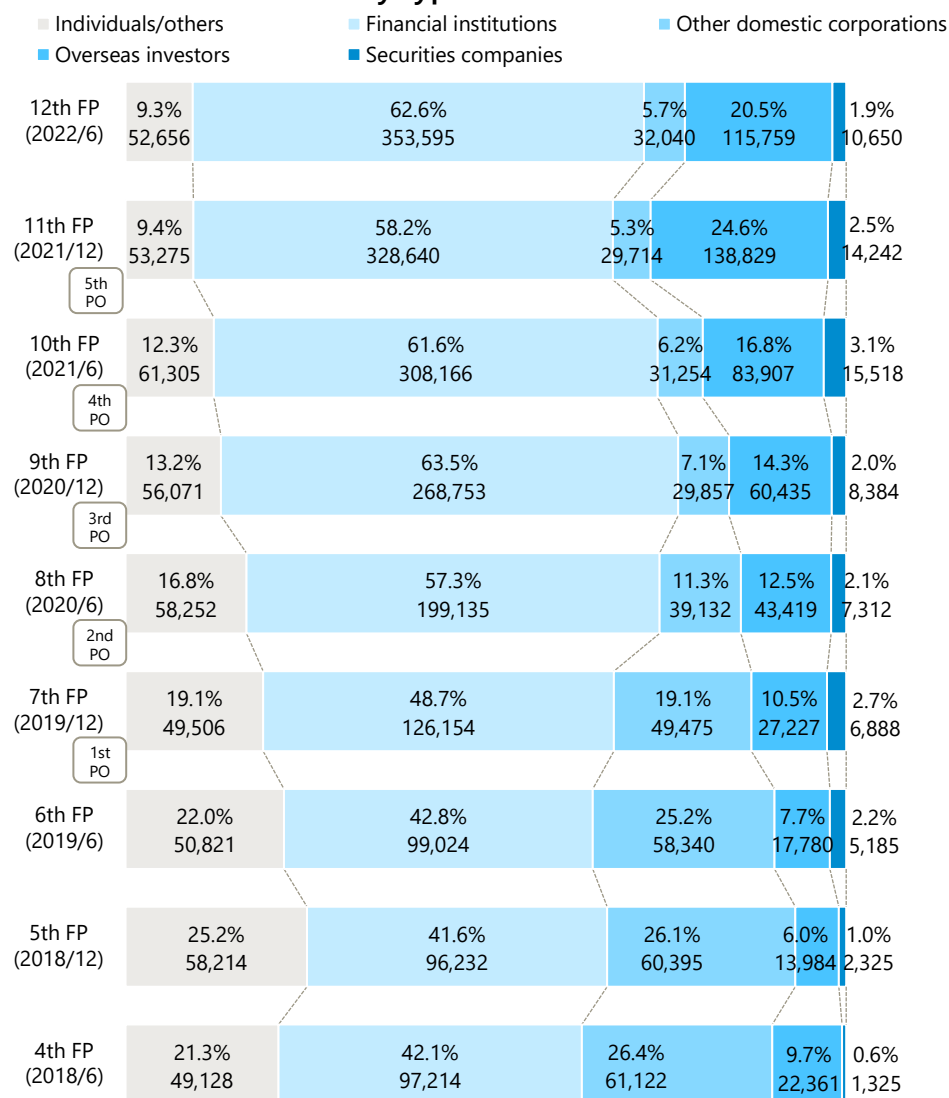
Major investors (as of June 30, 2022)

Name	Number of investment units(units)	Ratio (%)
The Master Trust Bank of Japan ,Ltd. (Trust Account)	124,301	22.0
Custody Bank of Japan, Ltd. (Trust Account)	123,568	21.9
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	29,985	5.3
CRE, Inc.	20,390	3.6
The Bank of Yokohama,Ltd.	10,199	1.8
Mitsubishi UFJ Trust and Banking Corporation	8,884	1.6
JP MORGAN CHASE BANK 385771	8,026	1.4
STATE STREET BANK WEST CLIENT - TREATY 505234	7,801	1.4
SSBTC CLIENT OMNIBUS ACCOUNT	7,267	1.3
JP MORGAN CHASE BANK 385781	7,219	1.3
Total	347,640	61.6

Number of investors by type of owner (as of June 30, 2022)

	Number of investors (person)	Ratio (%)
Individuals/others	8,885	95.2
Financial institutions	74	0.8
Other domestic corporations	173	1.9
Overseas investors	183	2.0
Securities companies	18	0.2
Total	9,333	100.0

Number of investment units by type of owner



Estimate of Stabilized Forecasts after Acquisition and Sale

Income adjusted for temporary factors ("Temporary Factors - Adjusted Income") is estimated based on results forecasts for the fiscal period ending June 30, 2023, announced today, mainly under the following assumptions.

- Two lease contracts will expire during the fiscal period ending June 30, 2023, both of them have been re-contracted with the existing tenant at an increase compared to the current rent, and it is assumed that operating revenue and real estate leasing expenses linked to operating revenue will increase over the full period.
- Although leasing expenses is recognized as a temporary expense in the fiscal period ending June 30, 2023, it is assumed that this expense will not be incurred.
- Although 1 million yen in operating expenses is recognized as a temporary expense in the fiscal period ending June 30, 2023, it is assumed that this expense will not be incurred.
- It is assumed that the asset management fee will increase by 0 million yen in conjunction with the increase in net income before income taxes and net income per unit in the event that the above items occur.
- It is assumed that revenues and expenses other than the above will become the same amounts as in the operating results forecast for the fiscal period ending June 30, 2023.

The estimate of Temporary Factors - Adjusted Income above neither aims to estimate income for a certain fiscal period nor has meaning as a forecast of income for a certain fiscal period. The estimate of Temporary Factors - Adjusted Income is not an indicator stipulated by generally accepted accounting principles in Japan ("Japan GAAP") and should not be considered as an alternative indicator for other indicators that are shown according to Japan GAAP. In addition, distributions per unit adjusted for temporary factors do not guarantee the existence of distributions in the future and their amount in any sense. Note that actual income, etc. in the fiscal period ending June 30, 2023 and any other certain fiscal period may differ materially from the estimated figures stated above.